

SENQU MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2012/2013 TO 2014/2015



ANNUAL BUDGET OF

SENQU MUNICIPALITY

2012/13 TO 2014/15
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
IDP	Integrated Development Strategy	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

Part 1 – Annual Budget

1.1 Mayor's Report

It gives me great pleasure to submit the 2012/2013 Medium Term Revenue and Expenditure Framework (The MTREF or Budget) to the Council for consideration.

In the past four years, the world economy has gone through its deepest recession in over 70 years. Signals are that a recovery is on its way, but not before GDP declines from 3.1 percent in 2011 to only 2.7 percent in 2012. It is then expected to quicken to 3.6 percent in 2013 and 4.2 percent in 2014 and this will be led by household consumption and private sector investment. Currently public sector investment is the main driver and government intends invest further in large scale infrastructure as well as reducing the cost of doing business.

Senqu Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts is the high unemployment rate, which directly affects payment levels to the municipality as well as increased financial assistance in the form of subsidised services. For the budget year we are providing for free services to the indigent an amount of R16,4 million and over the MTREF an amount of R52,3 million.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Senqu Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities. During January 2012 the Council and Management did an extensive review of its past performance in order to put strategies in place for the future. During this process critical issues were identified to be addressed in this- and future budgets and I will discuss them later in this report.

When compiling a MTREF one needs to consider all factors which might influence the forecasts and plan accordingly. Our approach this year was to budget conservatively on especially collection rates for rates and services, thereby ensuring what is contained in expenditure will be achieved through revenue. We never, and still, believed in expenditure wish lists and unrealistic revenue budgets which is in any case not allowed but being practised, and it is exactly for that reason that I believe we are in a financially sound position and our aim is to keep it as such.

It is important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Senqu can last for a year without grants which is an achievement for a small municipality. Our focus must be on spending the entire budget in a financial year. Projects must be finished within a financial year and creditors paid within 31 days. In addition we should focus on the quality of our revenue – spending and manage debt.

Although we are in a financially sound position, we always consider the need for quality- and extended service delivery as well as affordability of the services to our communities, and we benchmark our tariffs to ensure it is on par with that of our peers. In general, we propose tariff increases of 6 percent in line with National Treasury's circular 58, and unfortunately 11,03% for electricity, due to ESCOM's tariff increases and which is beyond the municipality's control.

It is the job of the municipality to see what is going on at ground level. There is poverty, under development and disgruntled communities. It is our duty to look at all services, regardless of whose core function it is as people come to the municipality looking for answers and especially politicians. It is important to look at co-operative governance and co-ordinate all activities around service delivery; guided by the community needs gathered during the outreach.

A lot of work has been done in the rural areas in terms of service delivery, especially regarding electricity provision. Senqu is doing well in comparison with other municipalities. However, our annual report does not show this and we must improve our reporting to our communities.

In spite of what has been done, there are poverty stricken areas which have resulted in a high crime rate which can directly be linked to the high unemployment rate, and a key challenge is to assist in job creation, which is also a national government priority.

Challenges are being experienced in most wards regarding water shortages, and although the water function is not that of the municipality, we are delivering the service on behalf of the Joe Gqabi District Municipality and must ensure that the community receives this vital service. We are however, very concerned about the ability of the Joe Gqabi District Municipality to pay for the services rendered on its behalf as it seems they experience serious cash flow problems. We will engage further with them on this issue and maybe it is time to reconsider where and by whom these functions should be performed.

We need to look at how grants are utilised for the maintenance of assets and to decrease the service backlogs. New approaches have to be found on how to respond to needs. Ways of gearing up investment and incentivising the private sector to stimulate the local economy must be found. One of these ways would be to beautify the central business area. Financially one can look at operation clean audit but should go further into examining the adequacy of municipal cash reserves.

The organogram needs to be developed that is consistent with the needs of the organisation. The effectiveness of systems must also be highlighted. Staff must stop working in silos. Senqu must become an employer of choice that capacitates both its staff and Councillors and emphasises the management of staff. Planning must be sufficient and people held accountable for their actions.

LED is a crosscutting function. All are responsible for it. It should be occurring in line with the new growth path. There should be an emphasis on job drivers, improved job creation, investment in social capital and the potential of new economy investigated. The SDF must be used to highlight potential areas of growth and development like Sterkspruit. Supply chain management must be transformed. Business forums should be started to bring together established and emerging businesses to share experience and ideas. SMME and Co-

operatives should be developed through strategies. Education should be looked at an aspect of employment creation. I am glad to report that we budgeted for an amount of R5 million for LED and employment opportunities in this budget.

In short our country is known to be good at planning but bad at implementing. This is why each political head will be held accountable for their department's performance. When you are at work – you work and strive to become more effective.

Our budget is informed by the IDP. However, we need to look at developing a longer term vision and develop an IDP that is not confined to 5 years. Johannesburg and Durban have got 20 year development plans. IPME has been challenged to improve the IDP so that it is not only credible but a long-term strategic visionary document.

We must all work together to achieve a clean audit in the coming year. Areas of concern are the Performance Management System and electricity losses as well as unauthorised, irregular and wasteful expenditure figures. We have budgeted for an amount of R1 million for a performance management system and hope it will addresses any problems on this issue. The support of both politicians and staff are needed to insure that unauthorised, irregular and wasteful expenditure is eliminated so that our deeds match our words for a clean audit. I further commit to removing electricity losses from the matters of emphasis on the audit report and we achieved much of this goal already. However, the losses are still way above acceptable norms and we should all work together to improve on that which we already achieved.

We need to attract investment and tourists by establishing towns and villages of choice by keeping them clean and tidy which will create a good first impression. This can be achieved through sufficient resource allocation.

Staff must be held accountable as there is a correlation between staff discipline and poor service delivery and staff discipline. All Directors are challenged to turn the issue around. Discipline should not be regarded as a punitive measure but rather a corrective measure that enables the organisation to become more productive.

The importance of the oversight role of Council can't be over emphasised. The Oversight Committee is there to deal with the issue of over and under spending. They must be harsh with the administration if they don't spend. Community, public participation and customer care must also be prioritised.

Some of the key issues identified during our IDP consultation processes and following our strategic planning are listed below:

1. Roads, as no services can be accessed without roads. Climate change is leading to roads and bridges becoming rapidly eroded. When it rains children can't access schools. Priority areas are places with no approach roads. In Wards 14,16,19 and 10 the emphasis should be on paving roads. The municipality should also look at this as a job creation opportunity whereby people could make the paving bricks. Instead of having different service providers one could look at buying a plant. On the capital budget we provided for an amount of R19,8 million for road- and bridge projects for the budget year and R58,1 million over the MTREF period. We will also spend significantly on new equipment and vehicles with the specific aim of improving our road networks. An amount of R18,9 million is being budgeted for this purpose over the MTREF,

of which R7,9 million will be spend in the budget year. In total we will spend an amount of R24,2 million on new vehicles and equipment over the MTREF.

2. A lack of Land and tenure problems. The SDF indicates Sterkspruit as priority node. We must look at expanding Sterkspruit and the development of. Barkly as a priority issue.

3. We have got job creation programmes but need to mainstream it into the IDP. We should not just hire persons to sweep the streets but give them other skills after 6 months. I am glad to report that we budgeted for an amount of R5 million for job creation projects, with a focus on repairs and maintenance of our infrastructure and especially maintaining our roads networks, and this employment opportunities being created will also have skills development and LED as a goal. The project is based on the National Government's "Jobs Fund".

4. A lack of recreational facilities are mentioned in every ward and the youth don't feel that we are doing enough for them. We have budgeted for an amount of R400 000 for the Special Programmes Unit which will focus on the youth, disability, women, sport en HIV/AIDS. An amount of R10,5 million is also budgeted on the capital budget for sports facilities over the MTREF period as well as R4,5 million for new Community Halls. A further R2,65 million is provided for the refurbishment of Community Halls over the MTREF.

5. LED projects need to be identified and especially in the agro processing area such as wool washing. The cheese factory in Barkly East should also be revived. An amount of R400 000 was budgeted further for LED projects as well as an amount of R600 000 for tourism related projects.

6. Communication and public participation should improve. We have got a community radio station but we can't buy slots as no budget was available the so budget for such purpose must be increased. For the purpose of communication an amount of R880 000 was appropriated in this budget. A key to effective communication is effective Ward Committees and for this purpose we budgeted an amount of R1,44 million.

7. Other community facilities on our capital budget include 6 million for the identification, studies and new cemeteries as well as R9 million for Solid Waste sites, R2,2 million for drivers licence training centres and R1 million for animal pounds.

As mentioned above, this budget is very much based on submissions by our communities during the IDP process. Our capital budget totals R45 million for the budget year and R130 million for the MTREF. What is specifically pleasing is that 35 percent, or R45,6 million, of the capital budget over the MTREF, and 41 percent for the budget year, is funded from our own cash-backed Capital Replacement Reserve (or CRR), and despite this the CRR remains in a healthy cash-backed position. The other 65 percent is funded from National grants through the Municipal Infrastructure Grant (or MIG as it is generally known).

The following are priorities identified outside the Municipality's powers and functions, but where the municipality can assists with through our interaction with the relevant stakeholders:

1) Water – The JGDM should look at use of Jojo tanks to relieve water shortages.

2) Electricity – extension to areas under Eskom which don't have electricity.

Finally, I would like to thank the Community, the Councillors and all officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives.

Thank you.

Mayor N Mtyali

1.2 Draft Council Resolutions

(The following resolutions must be taken at the final budget approval. It is listed here as required by the Regulations)

It is recommended that the Council approves and adopts the following resolutions for the annual budget:

The Council of Senqu Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position;
 - 1.2.2. Budgeted Cash Flows;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 1.2.4. Asset management; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as attached in the budget documentation, with effect from 1 July 2012:
 - 2.1. the tariffs for property rates which are increasing on average by 6 percent;
 - 2.2. the tariffs for electricity which on average are increasing by 11,03 percent;
 - 2.3. the tariffs for the supply of water on behalf of Joe Gqabi District Municipality;
 - 2.4. the tariffs for sanitation services on behalf of Joe Gqabi District Municipality; and
 - 2.5. the tariffs for solid waste services which are increasing on average by 6 percent.
3. The Council of Senqu Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, which are increasing on average by 6 percent, as set out in the attached budget documentation.
4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during January 2012 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budget, as well as future budgets, are compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs.

The main items identified by the strategic planning exercise can be summarised as follows:

- Improved service delivery;
- Underdeveloped areas;
- Impoverished communities;
- Co-operative governance;
- Unfunded mandates, core functions service delivery agents;
- Land availability for e.g. economic development;
- Land availability for establishing tip-sites;
- Alternative service delivery options;
- Obtaining a "clean audit" inclusive of performance management;
- Delegation- and procedure manuals;
- Risk management;
- Improved planning and beyond 5 years;
- High crime rate;
- Service delivery backlogs;
- Improved maintenance programs;
- Local economic development facilitation;
- Adequacy of municipal reserves and financial sustainability;
- Curtail electricity losses;
- Tourism initiatives; and
- Improved public participation.

For each of these risk areas the municipality is compiling business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding, however, in the 2012/2013 financial year limited provision was made for the implementation of the business plans.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 58 and 59 as well as the Strategic Workshop held from 10 to 12 January 2012, were mainly used to guide the compilation of the 2012/13 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Similarly the effect of the water tariffs, as determined by the Joe Gqabi District Municipality, on consumers. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is in a healthy financial position, however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality, and to this end the municipality is achieving this objective while also increasing the balance on the Capital Replacement Reserve to a level where future external funding, excluding grants, be minimised.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The budget must be spent in full, and all grants should be utilised in full.;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2011/12	2012/13	2013/14	2014/15
Total Operating Revenue	173 191	148 167	153 757	165 641
Total Operating Expenditure	164 315	144 207	150 636	160 554
<i>Surplus/(Deficit) for the year</i>	8 876	3 959	3 121	5 087
Total Capital Expenditure	41 058	45 154	43 040	41 804

Total operating revenue has declined by 15,2 per cent for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 3,9 and 7,9 per cent respectively, equating to a total revenue decline of R7,5 million over the MTREF when compared to the 2011/12 financial year. The main reason for the decline in revenue is a reduction of R14,6 million in housing expenditure funded from Provincial Grants as well as a reduction of R8 million for the Musong Road project funded from Provincial Grants.

Total operating expenditure for the 2012/13 financial year has been appropriated at R144,2 million and translates into a budgeted surplus of R3,9 million before capital transfers. When compared to the 2011/12 Adjustments Budget, operational expenditure has declined by 12,2 per cent in the 2012/13 budget and increases by 4,5 and 6,6 per cent for each of the respective outer years of the MTREF. The operating surplus, before capital grant transfers, for the two outer years increases to R3,1 million for the 2013/2014 financial year and then increases to R5 million. The main reason for the decline in expenditure is a reduction of R14,6 million in housing expenditure funded from Provincial Grants as well as a reduction of R8 million for the Musong Road project funded from Provincial Grants.

The capital budget of R45,1 million for 2012/13 is 10 per cent more when compared to the 2011/12 Adjustment Budget. The capital programme further decreases to R43 million in the 2013/14 financial year and then further in 2014/15 to R41,8 million and these decreases are mainly as a result of sum of the new vehicles to be purchased versus the planned completion of the Stormwater projects. A substantial portion of the capital budget will be funded from own revenue (R45,6 million or 35%) over the MTREF with no anticipated borrowings and Grants to the value of R84,4 million (65%) making up the other funding sources.

As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

1.4 Operating Revenue Framework

For Senqu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- A financially sustainable municipality;
- National Treasury's guidelines and macroeconomic policy;
- Limited growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 86,3 per cent annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 5,5% per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

In order to ensure all revenues are raised and recovered and further that all ratepayers are being treated equitably, the municipality identified certain areas of concern and is busy implementing measures to address these problem areas. These areas include the following:

Strategy
Maintain and improve on debt collection
Secure new sources of income
Counter the potential loss in electricity income as well as line-losses
Ensure an accurate and well maintained income database
Secure more external funding and government grants for soft services including long term funding for operating expenses
Monitor the financial health of the Municipality and cash-back all reserves

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):
(Excluding Capital Transfers)

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2012/13	+1 2013/14	+2 2014/15
Revenue By Source								
Property rates	3 147	3 938	4 197	3 702	4 174	4 425	4 690	4 972
Service charges - electricity revenue	5 062	7 888	12 156	15 866	18 922	19 157	20 307	21 525
Service charges - water revenue	–	1 758	1 843	1 849	2 298	2 436	2 582	2 737
Service charges - sanitation revenue	–	765	906	1 002	1 032	1 093	1 159	1 229
Service charges - refuse revenue	1 533	1 626	1 749	2 274	2 049	2 171	2 302	2 440
Service charges - other	–	6 761	9 286	9 735	9 735	10 319	10 938	11 594
Rental of facilities and equipment	301	541	375	211	267	283	300	318
Interest earned - external investments	7 733	5 087	4 915	4 800	6 400	6 000	6 360	6 742
Interest earned - outstanding debtors	556	919	1 137	1 085	852	903	957	1 015
Fines	86	54	69	20	25	25	27	28
Licences and permits	1 322	880	814	640	840	840	890	944
Agency services	682	803	600	479	560	561	594	630
Transfers recognised - operational	53 768	60 489	103 353	89 611	125 317	99 545	102 218	111 010
Other revenue	1 162	361	1 132	234	720	408	433	459
Gains on disposal of PPE	–	409	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	75 352	92 278	142 534	131 508	173 191	148 167	153 757	165 641

The percentage revenue from own sources increases during the budget year, mainly as a result of reduced grants for the housing– and Musong Road projects. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases by ESCOM. The growth in revenue contributions are indicated below (Excluding Capital Transfers). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2012/13		+1 2013/14		+2 2014/15	
Revenue By Source								
Property rates	4 174	2.4%	4 425	3.0%	4 690	3.1%	4 972	3.0%
Service charges - electricity revenue	18 922	10.9%	19 157	12.9%	20 307	13.2%	21 525	13.0%
Service charges - water revenue	2 298	1.3%	2 436	1.6%	2 582	1.7%	2 737	1.7%
Service charges - sanitation revenue	1 032	0.6%	1 093	0.7%	1 159	0.8%	1 229	0.7%
Service charges - refuse revenue	2 049	1.2%	2 171	1.5%	2 302	1.5%	2 440	1.5%
Service charges - other	9 735	5.6%	10 319	7.0%	10 938	7.1%	11 594	7.0%
Rental of facilities and equipment	267	0.2%	283	0.2%	300	0.2%	318	0.2%
Interest earned - external investments	6 400	3.7%	6 000	4.0%	6 360	4.1%	6 742	4.1%
Interest earned - outstanding debtors	852	0.5%	903	0.6%	957	0.6%	1 015	0.6%
Fines	25	0.0%	25	0.0%	27	0.0%	28	0.0%
Licences and permits	840	0.5%	840	0.6%	890	0.6%	944	0.6%
Agency services	560	0.3%	561	0.4%	594	0.4%	630	0.4%
Transfers recognised - operational	125 317	72.4%	99 545	67.2%	102 218	66.5%	110 110	67.0%
Other revenue	720	0.4%	408	0.3%	433	0.3%	459	0.3%
Total Revenue (excluding capital transfers and contributions)	173 191	100%	148 167	100%	153 757	100%	165 641	100%
Total Revenue from Rates and Service Charges	38 209	22.1%	39 602	26.7%	41 978	27.3%	44 497	26.9%

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but measured against other municipalities e.g. the Western Cape, the percentage is relatively low and is a clear indication of the level of unemployment in the municipal area.. Rates and service charge revenues are constant at about 27 percent of the total revenue mix over the MTREF period. In the 2011/12 financial year, revenue from rates and services charges totalled R38,2 million or only 22 per cent. This low percentage was as a result of the high level of grants received for housing and the Musong road.

This increases to an estimated R 39,6 million (26,7%), R42 million (27,3%) and R44,5 million (26,9%) in the respective financial years of the MTREF. A notable trend is therefore the increase in the total percentage revenue generated from rates and services charges which increases from 22,1 per cent in 2011/12 to 26,9 per cent in 2014/15. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Revenue foregone, (mainly to the indigent) is estimated to equal about 35,9 per cent of billable revenue, placing a strain on revenue sources. Details in this regard are contained below.

EC142 Senqu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	3 148	3 938	4 197	5 626	5 367	5 367	5 367	5 689	6 030	6 392
less Revenue Foregone	2			1 924	1 192	1 192	1 192	1 264	1 339	1 420
Net Property Rates	3 147	3 938	4 197	3 702	4 174	4 174	4 174	4 425	4 690	4 972
Service charges - electricity revenue										
Total Service charges - electricity revenue	7 830	11 009	15 271	19 881	22 936	22 936	22 936	25 412	26 937	28 553
less Revenue Foregone	2 768	3 121	3 114	4 014	4 014	4 014	4 014	6 255	6 630	7 028
Net Service charges - electricity revenue	5 062	7 888	12 156	15 866	18 922	18 922	18 922	19 157	20 307	21 525
Service charges - water revenue										
Total Service charges - water revenue		2 851	3 027	3 339	4 011	4 011	4 011	4 252	4 507	4 778
less Revenue Foregone		1 093	1 184	1 491	1 713	1 713	1 713	1 816	1 925	2 040
Net Service charges - water revenue	-	1 758	1 843	1 849	2 298	2 298	2 298	2 436	2 582	2 737
Service charges - sanitation revenue										
Total Service charges - sanitation revenue		2 489	3 050	3 358	3 992	3 992	3 992	4 231	4 485	4 754
less Revenue Foregone		1 724	2 143	2 355	2 960	2 960	2 960	3 138	3 326	3 525
Net Service charges - sanitation revenue	-	765	906	1 002	1 032	1 032	1 032	1 093	1 159	1 229
Service charges - refuse revenue										
Total refuse removal revenue	3 544	4 025	4 501	5 457	5 775	5 775	5 775	6 121	6 489	6 878
Total landfill revenue										
less Revenue Foregone	2 011	2 399	2 752	3 183	3 726	3 726	3 726	3 950	4 187	4 438
Net Service charges - refuse revenue	1 533	1 626	1 749	2 274	2 049	2 049	2 049	2 171	2 302	2 440
Total Revenue	14 522	24 311	30 045	37 661	42 080	42 080	42 080	45 705	48 447	51 354
Total Revenue foregone	4 780	8 337	9 193	12 968	13 606	13 606	13 606	16 422	17 407	18 452
Percentage revenue foregone	32.9%	34.3%	30.6%	34.4%	32.3%	32.3%	32.3%	35.9%	35.9%	35.9%

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R65 000
2	50 kWh free electricity per month
3	10 kiloliters of water free per month
4	Free refuse x 4 removal per month
5	Free sewerage per month

Interest on investments, despite the relative low interest rates, is the 2nd largest revenue source, (excluding grants) which is a clear indication of the municipality's cash flow management. Property rates is the 3rd largest revenue source totalling 3 per cent or R4,4 million rand and increases to R5 million (3 per cent) by 2014/15.

Operating grants and transfers totals R125,3 million in the 2011/12 financial year and reduces to R111 million by 2014/15. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any

conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. Note that the year-on-year growth for the 2012/13 financial year is 10,7 per cent and then flattens out to 7,1 and 7,4 per cent in the two outer years. The contribution for Councillors Allowances also increased significantly for the budget year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Operating Transfers and Grant Receipts								
Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:								
Operating Transfers and Grants								
National Government:	41 371	55 859	67 870	86 935	86 875	97 581	100 136	108 804
Equitable share	40 290	54 621	64 714	76 965	76 965	85 187	91 229	97 992
Finance Management	500	1 000	1 200	1 450	1 450	1 500	1 500	1 750
Nat Gov: Neighbourhood Dev Partners	-	-	-	2 900	2 900	2 300	-	-
Nat Gov: Councillor Remuneration	-	-	-	2 226	2 226	4 536	5 129	6 548
Municipal Systems Improvement	400	237	714	790	790	800	800	950
IEC Elections	181	-	-	-	-	-	-	-
Municipal Infrastructure (MIG)	-	-	960	1 155	1 095	1 401	1 478	1 564
Nat Gov: EPWP Incentive Grant	-	-	282	1 449	1 449	1 857	-	-
Provincial Government:	10 452	14 170	31 187	2 676	15 037	1 964	2 081	2 206
Health subsidy	512	-	-	-	-	-	-	-
Prov Gov: Valuation Roll	400	-	-	-	-	-	-	-
Prov Gov: Housing - Hillside 1 000	5 770	13 203	9 607	-	7 500	-	-	-
Prov Gov: Housing - Herschel 700	447	366	-	-	-	-	-	-
Prov Gov: Housing - Lady Grey 1 000	3 323	577	-	-	-	-	-	-
Prov Gov: Revitalization of the second economy	-	-	-	-	107	-	-	-
Implementation Ownership	-	-	135	-	-	-	-	-
DEAT Brickmaking	-	24	-	-	-	-	-	-
Libraries	-	-	-	676	676	742	786	833
Internet Communication system	-	-	294	-	-	-	-	-
Greenest Municipality	-	-	200	-	-	-	-	-
Prov Gov: Musong Road	-	-	20 201	2 000	6 754	1 222	1 295	1 373
Local Elections	-	-	750	-	-	-	-	-
District Municipality:	3 615	1 997	923	-	-	-	-	-
<i>District: IDP</i>	50	-	50	-	-	-	-	-
<i>District: Libraries</i>	-	-	660	-	-	-	-	-
<i>District: Tourism</i>	-	200	20	-	-	-	-	-
<i>District: Community Based Planning</i>	-	226	-	-	-	-	-	-
<i>District: Community Participation</i>	-	204	-	-	-	-	-	-
<i>Joe Gqab DM - Plastic Products</i>	3 000	1 367	-	-	-	-	-	-
<i>Joe Gqab DM - District Call Centre Support Programme</i>	565	-	-	-	-	-	-	-
	-	-	193	-	-	-	-	-
Total Operating Transfers and Grants	55 438	72 025	99 979	89 611	101 912	99 545	102 218	111 010

Revenue from capital transfers is indicated below and increases steadily from R26,6 million to R29,7 million over the MTREF period.

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Contributions recognised - capital & contributed assets	12 137	33 626	14 619	21 947	22 091	22 091	22 091	26 624	28 085	29 708

Total revenue per municipal vote, including capital transfers, is listed below:

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote								
Vote 1 - Executive & Council	10 061	1 827	2 675	2 526	2 526	4 836	5 429	6 848
Vote 2 - Planning & Development	4 514	3 351	5 079	2 900	10 776	2 300	-	-
Vote 3 - Corporate Services	2 027	466	81	50	50	53	56	60
Vote 4 - Budget & Treasury	17 256	60 305	70 569	80 648	82 798	87 799	93 878	101 080
Vote 5 - Road Transport	14 657	18 586	34 350	17 023	27 584	24 525	18 358	27 735
Vote 6 - Waste Water Management	4 972	7 365	6 238	6 247	13 426	6 653	7 052	7 475
Vote 7 - Housing	9 883	13 654	10 118	6	17 652	60	64	67
Vote 8 - Health	512	-	-	-	-	-	-	-
Vote 9 - Community & Social Services	5 593	637	1 283	3 922	978	3 062	4 626	4 694
Vote 10 - Sport & Recreation	238	-	-	3 962	3 327	3 994	3 500	3 000
Vote 11 - Public Safety	615	29	25	22	72	23	25	26
Vote 12 - Electricity	11 156	10 821	15 830	20 232	23 579	25 795	27 342	28 983
Vote 13 - Waste Management	6 003	4 368	4 854	9 323	5 521	8 277	13 654	7 053
Vote 14 - Water	-	4 495	6 050	6 592	6 993	7 413	7 858	8 329
Total Revenue by Vote	87 489	125 904	157 153	153 455	195 282	174 790	181 842	195 350

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is about 14 percent of the revenue for rates, service charges, interest on debtors and rent of facilities on credit, and equates to R5,6 million in 2012/2013 increasing to R6,3 million in 2014/2015. Past experience indicates that this percentage should not be more than 10 per cent, however, a cautionary approach is taken in this budget due to the signs of economic stress being experienced by the community.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a general 6 per cent increase from 1 July 2012 is contained below:

Comparison of proposed rates to levied for the 2011/12 financial year		
Category	Current Tariff	Proposed tariff
	(1 July 2011)	(from 1 July 2012)
	c	c
On total value of property		
Vacant Land as defined in Rates Policy		
Residential Properties	0.6415	0.6800
Commercial / Business Properties	0.7698	0.8160
Industrial Properties	0.7698	0.8160
Public Service Infrastructure Properties	0.594	0.6300
Public Benefits Organisation Properties	0.0000	0.0000
Agricultural Properties used for Agricultural Purposes	0.1604	0.1700
Agricultural Properties used for Commercial / Industrial Purposes	0.3208	0.3400
Agricultural Properties used for Eco-Tourism, Conservation, Trading In or Hunting of Game	0.3208	0.3400
Agricultural Properties not used for Any Purpose / Purpose Unknown to Municipality	0.6415	0.6800
State-Owned Properties that Provide	0.6415	0.6800
State-Owned Properties that Provide Regional / Municipal District-Wide Services	0.6415	0.6800
State-Owned Properties that Provide Provincial / National Services	0.6415	0.6800
Municipal Properties	0.0000	0.0000
Vacant Properties	1.08	1.1400

1.4.2 Sale of Water and Sanitation and the Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. In addition, recent droughts caused water carting to be introduced by the Joe Gqabi District Municipality. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The municipality obtains water from the Joe Gqabi District Municipality (JGDM) and deliver the service on behalf of the JGDM. The JGDM reimburses the municipality for the difference in expenditure incurred in delivering the service and the cash received from consumers as payment for the services. The municipality is concerned, given recent announcements made by the JGDM, that the JGDM is experiencing cashflow problems and will not be able to reimburse the municipality for the losses.

Furthermore, the JGDM indicated that the water tariffs to the consumers are not cost reflective and as such the tariffs will increase substantially from the 2012/2013 financial year. Final tariffs are not yet available, but indicative tariffs as received from the JGDM had been received and is listed below.

Similarly, the JGDM also indicated the tariffs for sanitation are not cost reflective and may be subjected to significant increases.

The JGDM will hold a Water-and Sanitation Indaba from 27 March 2012 to 29 March 2012 to determine a suitable model for the provision of the Water-and Sanitation functions, including a review of the current models. Experts from various Government and Private organisations will address the conference.

The proposed tariffs are listed below, although, as indicated it might change due to the review of the service delivery models:

JOE QQABI DISTRICT MUNICIPALITY TARIFFS

WATER AND SANITATION TARIFFS - ALL WATER SERVICE PROVIDERS				
Description	Unit of Measure	2009/10 R	2010/11 R	2011/12 R
Water				
Basic Charge/Availability Charge				
Domestic Consumers - Metered	Availability	31.80	35.30	39.18
Domestic Consumers - Unmetered	Availability	31.80	35.30	39.18
Business/industries	Availability	31.80	35.30	39.18
Water Consumption				
0 - 6 Kl	Consumption	Free	Free	Free
6 - 30 Kl	Consumption	4.95	5.49	6.10
31 - 50 Kl	Consumption	5.45	6.05	6.71
> 50 Kl	Consumption	5.94	6.59	7.32
Other				
Call out fees	Hourly rate	As per LM tariff	As per LM tariff	As per LM tariff
Reconnections	Hourly rate	As per LM tariff	As per LM tariff	As per LM tariff
New Connections	Hourly rate	As per LM tariff	As per LM tariff	As per LM tariff
Deposits	New consumer	As per LM tariff	As per LM tariff	As per LM tariff
Sanitation				
Basic charge/Availability Charge				
Domestic	Availability	53.40	59.27	65.79
Sanitation buckets	Availability	53.40	59.27	65.79
Water Bourne sewerage - Domestic	Per connection	53.40	59.27	65.79
Water Bourne sewerage - Schools	Per connection	53.40	59.27	65.79
Water Bourne sewerage - Hostels	Per connection	53.40	59.27	65.79
Water Bourne sewerage - Hospitals	Per connection	53.40	59.27	65.79
Businesses with more than one toilet	Per connection	53.40	59.27	65.79
Government Departments	Per connection	53.40	59.27	65.79
VIP's	Availability	53.40	59.27	15.00
Other				
New connections	Hourly rate	As per LM tariff	As per LM tariff	As per LM tariff
Cleaning of pipes etc.	Hourly rate	As per LM tariff	As per LM tariff	As per LM tariff

Although water inventory belongs to the JGDM, the municipality continuously explores ways to limit the water losses to an acceptable level. There will always be water line losses due to burst pipes and as repairs thereof requires flushing of systems before being distributed again. However any losses above 13% is considered excessive by the Auditor-General's office and

regarded as fruitless expenditure. The municipality will continue to monitor reasons for the excessive losses and to improve systems to limit the water losses to below 10%.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 13,5 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 11,03 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

ELECTRICITY TARIFFS & CHARGES (Excl VAT)

Standard interest + 1.00% would be charged on all late payments

Implementation subject to NER approval

Tariffs are applicable throughout SENQU municipality unless indicated otherwise

	2011 / 12	2012 / 13 11.03%	2012 / 13 20.82%
	R	R	R
<u>Domestic (Pre-paid metering)</u>			
Basic / Availability Charge – per month	0.0000	0.0000	0.0000
Energy Charge – per Unit (kWh) consumed	1.0375		
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.68	0.7550	0.8216
Energy Charge – per Unit (kWh) (51 – 350kWh)	0.81	0.8993	0.9786
Energy Charge – per Unit (kWh) (351 – 600kWh)	1.18	1.3102	1.4257
Energy Charge – per Unit (kWh) (> 600kWh)	1.29	1.4323	1.5586
<i>Also see Council's policies of Free Basic Services & Indigent Subsidy Support</i>			
<u>Domestic: Demand 0 – 60Amp (Credit Metering)</u>			
Basic / Availability Charge – per month	90.29	100.25	109.09
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.6300	0.6995	0.7612
Energy Charge – per Unit (kWh) (51 – 350kWh)	0.7200	0.7994	0.8699
Energy Charge – per Unit (kWh) (351 – 600kWh)	0.9700	1.0770	1.1720
Energy Charge – per Unit (kWh) (> 600kWh)	1.1140	1.2369	1.3773
<u>Domestic: Demand 60Amp + (Credit Metering)</u>			
Basic / Availability Charge – per month	225.41	250.27	272.34
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.6300	0.6995	0.7612
Energy Charge – per Unit (kWh) (51 – 350kWh)	0.7200	0.7994	0.8699
Energy Charge – per Unit (kWh) (351 – 600kWh)	0.9700	1.0770	1.1720
Energy Charge – per Unit (kWh) (> 600kWh)	1.1140	1.2369	1.3773
<u>Commercial: Small / Medium - (Credit Metering)</u>			
Basic / Availability Charge – per month	259.84	288.50	313.94
Energy Charge – per Unit (kWh) consumed	1.0112	1.1227	1.2217

<u>Commercial: Large – (Credit Metering)</u>			
Basic / Availability Charge – per month	766.10	850.60	925.60
Energy Charge – per Unit (kWh) consumed	1.0300	1.1436	1.2444
Network Charge – per Unit (KVA) consumed	41.35	45.91	49.96
<u>Farms</u>			
Basic / Availability Charge – per month	259.84	288.50	313.94
Energy Charge – per Unit (kWh) consumed	1.0112	1.1227	1.2217
Network Charge – per Unit (KVA) consumed	41.35	45.91	49.96
<u>Consumer Deposits (to be paid prior connection)</u>			
Domestic / Residential	900.00	1 100.00	1 100.00
Businesses / Commercial (Small / Medium): 0 – 60 Amp	2 200.00	2 700.00	2 700.00
Businesses / Commercial / Industrial: 60 – 150 Amp	6 000.00	7 400.00	7 400.00
Businesses / Commercial / Industrial: 150+ Amp	10 000.00	13 000.00	13 000.00
<u>Other</u>			
New Connection (to be paid in advance)	Material & Labour Cost + 30%	Material & Labour Cost + 30%	Material & Labour Cost + 30%
Re-connecting existing connection	220.00	270.00	270.00
Re-connection (after default / dis-connection)	240.00	300.00	300.00
Test meter (Not Refundable)	220.00	270.00	270.00

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs. The loss on the electricity service over the MTREF is 13,7 percent for 2012/2013 and 13,9 percent and 14,1 percent for the outer years

Electricity line losses are continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 10% is being regarded as “acceptable” in the industry and Senqu is well above that norm. One of the ways identified to limit the financial losses on the electricity service is the electricity line losses, which represented 40,15 per cent or R7,1 million of units purchased in 2009/2010. The municipality instituted various measures, including the replacement of old meters, during the 2010/2011 financial year and reduced the losses to 23,9 per cent or R3,2 million during the year, although the effect thereof was only for part of the year. The full effect of the measures will be measured during the current year and the budget year.

Comparison between current electricity charges and increases

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality complies with this requirement.

The table above provides the increases in tariffs for different users. A summary of the total impact of tariff adjustments will be provided later in this report.

1.4.4 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a loss which indicates that the tariffs are not yet cost reflective. The projected losses on the service are R3,9 million (38,1%), R4,2 million (38,6%) and R4,6 million (39,2%) over the MTREF period. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role in the projected losses. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.

Despite the losses as indicated above, a general 6 percent increase in the waste removal tariff is proposed from 1 July 2012. Higher increases will not be viable in 2013/14 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 percent.

The following table compares current and proposed amounts payable from 1 July 2012:

Comparison between current waste removal fees and increases

Solid Waste Tariffs	2011/12	2012 / 13
	R	R
Domestic Consumers (per month for one removal per week)	R 89.10	R 94.45
Additional removal (per load or part thereof)	R 89.10	R 94.45
Commercial Consumers (per month for two removals per week)	R 190.10	R 201.50
Additional removal (per load or part thereof)	R 190.10	R 201.50
Government Departments (Schools, hostels, SAPS, prison,	R 1 128.60	R 1 196.35
Additional removal (per load or part thereof)	R 190.10	R 201.50
Garden Refuse (per load) (to be paid in advance)	R 190.10	R 201.50
Building Rubble (per load) (to be paid in advance)	R 330.00	R 350.00
Cleaning of erven	R 190.10	R 201.50

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households. The National Treasury adjusted the way comparatives are being calculated and for that reason current tariffs are unfortunately not included.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 6%, excluding the electricity adjustments.

Description	2012/13 Medium Term Revenue & Expenditure Framework			
	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent				
Monthly Account for Household - 'Middle Income Range'				
Rates and services charges:				
Property rates	6.0%	582.60	617.56	654.61
Electricity: Basic levy	11.0%	102.95	123.54	148.25
Electricity: Consumption	11.0%	1 647.85	1 977.42	2 372.90
Water: Basic levy		44.30	46.96	49.78
Water: Consumption		182.05	192.97	204.55
Sanitation		74.35	78.81	83.54
Refuse removal	6.0%	101.55	107.64	114.10
Other				
sub-total	–	2 735.65	3 144.90	3 627.73
VAT on Services		301.43	353.83	416.24
Total large household bill:	–	3 037.08	3 498.73	4 043.97
% increase/-decrease		–	15.2%	15.6%
Monthly Account for Household - 'Affordable Range'				
Rates and services charges:				
Property rates	6.0%	140.25	148.67	157.58
Electricity: Basic levy	11.0%	102.95	123.54	148.25
Electricity: Consumption	11.0%	731.65	877.98	1 053.58
Water: Basic levy		44.30	46.96	49.78
Water: Consumption		131.05	138.91	147.25
Sanitation		74.35	78.81	83.54
Refuse removal	6.0%	101.55	107.64	114.10
Other				
sub-total	–	1 326.10	1 522.51	1 754.07
VAT on Services		166.02	192.34	223.51
Total small household bill:	–	1 492.12	1 714.85	1 977.58
% increase/-decrease		–	14.9%	15.3%
Monthly Account for Household - 'Indigent' Household receiving free basic services				
Rates and services charges:				
Property rates	6.0%	93.40	99.00	104.94
Electricity: Basic levy	11.0%		–	–
Electricity: Consumption	11.0%	282.15	338.58	406.30
Water: Basic levy			–	–
Water: Consumption			–	–
Sanitation			–	–
Refuse removal	11.0%		–	–
Other				
sub-total	–	375.55	437.58	511.24
VAT on Services		39.50	47.40	56.88
Total small household bill:	–	415.05	484.99	568.12
% increase/-decrease		–	16.8%	17.1%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circular 58;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type								
Employee related costs	19 727	29 383	34 733	41 159	45 460	49 846	53 585	57 604
Remuneration of councillors	6 239	6 807	7 159	8 890	8 565	9 056	9 735	10 466
Debt impairment	2 309	2 332	1 333	5 404	5 265	5 580	5 915	6 270
Depreciation & asset impairment	–	8 433	10 811	10 391	13 029	13 810	14 639	15 517
Finance charges	–	681	1 571	1 000	1 915	2 319	2 458	2 605
Bulk purchases	7 362	10 328	12 495	17 303	17 303	20 072	21 276	22 552
Transfers and grants	560	397	799	300	734	333	334	–
Other expenditure	27 480	33 171	51 647	37 381	72 045	43 190	42 694	45 539
Loss on disposal of PPE	8	2 414	458	–	–	–	–	–
Total Expenditure	63 685	93 946	121 005	121 828	164 315	144 207	150 636	160 554

The budgeted allocation for employee related costs for the 2012/13 financial year totals R49,8 million, which equals 34,6 per cent of the total operating expenditure. This percentage increases to 35,6 and 35,9 per cent in the outer years of the MTREF period. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on an more equal basis, the costs represent 45,2 per cent of the expenditure and increase to 46,7 and 47 per cent in the outer years. Based on the guidance provided by National Treasury in Circular 58 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of 5 per cent for the 2012/13 financial year. An annual increase of 7.5 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 84 per cent and the Debt Write-off Policy of the Municipality. For the 2011/11 financial year this amount equates to R5,6 million and escalates to R6,3 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R13,8 million for the 2012/13 financial and equates to 9,6 per cent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 11,1 per cent of the expenditure. The average for local municipalities in recent research is 11,76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,6 per cent (R2,3 million) of operating expenditure excluding annual redemption for 2012/13 and increases to R2,6 million by 2014/15. As previously noted, the Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represents 13,9 per cent of expenditure and increase to 14,1 per cent and 14 per cent in the outer years. If depreciation is excluded, the percentage is 15,4 per cent for the budget year and increasing to 15,6 per cent and 15,5 per cent in the outer years. This compares unfavourably with the average of 23,6 per cent in 2010/2011 for municipalities in a recent research.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Contracted services have been identified as a cost saving area for the Municipality. Management, at a strategic workshop held in January 2012, identified Contracted Services as a possible key to the financial sustainability of the municipality as well as a way and means to increase employment in line with national priorities. Management will in the budget year further investigate projects which can be used for contracted services as an extension of the Extended Public Works Program. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2012/13 financial year to identify alternative practices and procedures based on solid approved policies.

Other expenditure comprises of various line items relating to the daily operations of the municipality, but also operating grant expenditures. This group of expenditure has also been

identified as an area in which cost savings and efficiencies can be achieved. These expenditure items are listed below:

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Other Expenditure By Type										
Consultant fees	532	1 065	826	1 052	1 713	1 713	1 713	1 762	1 338	1 419
Audit fees	1 333	1 221	1 969	2 110	2 110	2 110	2 110	2 237	2 371	2 513
General expenses	4 177	3 879	3 835	6 235	6 376	6 376	6 376	9 151	9 700	10 282
Repairs and maintenance	1 819	2 710	3 015	4 232	3 102	3 102	3 102	3 583	3 798	4 025
Actarial Losses		429	49	429	429	429	429	461	495	532
Other Operating Grant Expenditure	12 819	17 130	33 748	12 870	46 679	46 679	46 679	12 693	10 889	11 820
Computer charges	321	50	214	562	485	485	485	890	943	1 000
Fleet Management								600	636	674
Electricity	350	742	510	1 797	2 272	2 272	2 272	2 408	2 553	2 706
Legal Costs	324	91	260	286	286	286	286	300	318	337
Refuse removal	772	872	817	894	866	866	866	918	973	1 032
Subsistence and travel	2 083	2 541	3 524	3 363	3 776	3 776	3 776	3 882	4 115	4 362
Telephone	480	472	505	652	900	900	900	954	1 011	1 072
Tourism	700	176	273	297	463	463	463	600	636	674
Training	283	347	320	585	618	618	618	664	703	746
Vehicle Fuel and oil	1 488	1 499	1 712	2 017	1 970	1 970	1 970	2 088	2 213	2 346
Discontinued Operations		(50)	68							
Total 'Other' Expenditure	27 480	33 171	51 647	37 381	72 045	72 045	72 045	43 190	42 694	45 539

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.

Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2012/2013 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Repairs and maintenance per asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Depreciation & asset impairment</u>	-	8 433	10 811	10 391	13 029	13 810	14 639	15 517
<u>Repairs and Maintenance by Asset Class</u>	1 819	2 710	3 015	4 232	3 102	3 583	3 798	4 025
Infrastructure - Road transport	577	574	568	1 221	670	710	753	798
Infrastructure - Electricity	403	449	367	540	490	519	551	584
Infrastructure - Water	-	86	86	114	34	36	38	40
Infrastructure - Sanitation	-	71	74	99	30	32	34	36
Infrastructure - Other	28	22	8	39	39	41	43	46
Infrastructure	1 007	1 202	1 103	2 012	1 262	1 338	1 418	1 503
Community	27	58	197	169	52	55	58	62
Other assets	785	1 451	1 716	2 050	1 788	2 190	2 322	2 461
TOTAL EXPENDITURE OTHER ITEMS	1 819	11 144	13 826	14 623	16 131	17 393	18 437	19 543

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below.(Note that Water and Sanitation, although provided by the municipality, is the function of JGDM)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
<u>Energy:</u>	-	-	-	-	-	-	-	-	-
Electricity (at least min.service level)	33 689	33 689	34 802	34 802	34 802	34 802	33 831	33 831	33 831
Electricity - prepaid (min.service level)	1 733	1 733	1 149	1 149	1 149	1 149	1 276	1 276	1 276
<i>Other water supply (at least min.service level)</i>	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
Below Minimum Service Level sub-total	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
<u>Refuse:</u>	-	-	-	-	-	-	-	-	-
Removed at least once a week	4 366	4 366	4 715	4 715	4 715	4 715	4 930	4 930	4 930
<i>Other water supply (at least min.service level)</i>	4 366	4 366	4 715	4 715	4 715	4 715	4 930	4 930	4 930
Using communal refuse dump	31 056	31 056	31 236	31 236	31 236	31 236	30 177	30 177	30 177
<i>No water supply</i>	31 056	31 056	31 236	31 236	31 236	31 236	30 177	30 177	30 177
Below Minimum Service Level sub-total	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
	-	-	-	-	-	-	-	-	-
<u>Households receiving Free Basic Service</u>	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	6 968	6 968	6 968	5 914	5 914	5 914	23 837	23 837	23 837
Refuse (removed at least once a week)	2 245	2 245	2 245	2 545	2 545	2 545	2 931	2 931	2 931
	-	-	-	-	-	-	-	-	-
<u>Cost of Free Basic Services provided (R'000)</u>	-	-	-	-	-	-	-	-	-
Water (6 kilolitres per household per month)	-	1 093 097	1 093 097	1 490 720	1 490 720	1 490 720	1 815 801	1 924 749	2 040 234
Sanitation (free sanitation service)	-	1 724 004	1 724 004	2 355 130	2 355 130	2 355 130	3 137 600	3 325 856	3 525 407
Electricity/other energy (50kwh per household per month)	2 767 712	3 120 967	3 120 967	4 014 210	4 014 210	4 014 210	6 255 065	6 630 369	7 028 191
Refuse (removed once a week)	2 010 731	2 398 800	2 398 800	3 183 470	3 183 470	3 183 470	3 949 931	4 186 927	4 438 142
Total cost of FBS provided (minimum social package)	4 778 443	8 336 868	8 336 868	11 043 530	11 043 530	11 043 530	15 158 397	16 067 901	17 031 975
	-	-	-	-	-	-	-	-	-
<u>Highest level of free service provided</u>	-	-	-	-	-	-	-	-	-
Property rates (R value threshold)	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140	140	140	140	140
<u>Revenue cost of free services provided (R'000)</u>	-	-	-	-	-	-	-	-	-
Property rates (R15 000 threshold rebate)	1 804	852 247	852 247	1 924 210	1 924 210	1 924 210	1 263 622	1 339 439	1 419 805
Property rates (other exemptions, reductions and rebates)	1 804	-	-	1 924 210	1 192 096	1 192 096	1 192 096	1 263 622	1 339 439
Water	-	1 093 097	1 093 097	1 490 720	1 490 720	1 490 720	1 815 801	1 924 749	2 040 234
Sanitation	-	1 724 004	1 724 004	2 355 130	2 355 130	2 355 130	3 137 600	3 325 856	3 525 407
Electricity/other energy	2 767 712	3 120 967	3 120 967	4 014 210	4 014 210	4 014 210	6 255 065	6 630 369	7 028 191
Refuse	2 010 731	2 398 800	2 398 800	3 183 470	3 183 470	3 183 470	3 949 931	4 186 927	4 438 142
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	4 782	9 189	9 189	14 892	14 160	14 160	17 614	18 671	19 791

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The income foregone as a result of free basic services totals R17,6 million in the budget year and increasing to R18,7 million and R19,8 million in the outer years.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

2012/13 Medium-term capital budget per vote

Description	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2012/13		+1 2013/14		+2 2014/15	
R thousand								
Vote 1 - Executive & Council	150	0.4%	1 000	2.2%	212	0.5%	225	0.5%
Vote 2 - Planning & Development	56	0.1%	350	0.8%	159	0.4%	169	0.4%
Vote 3 - Corporate Services	550	1.3%	2 900	6.4%	2 954	6.9%	1 011	2.4%
Vote 4 - Budget & Treasury	534	1.3%	500	1.1%	530	1.2%	562	1.3%
Vote 5 - Road Transport	20 698	50.4%	27 905	61.8%	20 557	47.8%	29 033	69.5%
Vote 6 - Waste Water Management	12 604	30.7%	–	0.0%	–	0.0%	–	0.0%
Vote 9 - Community & Social Services	615	1.5%	3 150	7.0%	5 000	11.6%	5 000	12.0%
Vote 10 - Sport & Recreation	2 918	7.1%	3 994	8.8%	3 500	8.1%	3 000	7.2%
Vote 11 - Public Safety	–	0.0%	500	1.1%	500	1.2%	–	0.0%
Vote 12 - Electricity	1 561	3.8%	805	1.8%	853	2.0%	904	2.2%
Vote 13 - Waste Management	1 372	3.3%	4 050	9.0%	8 775	20.4%	1 900	4.5%
Total Capital Budget	41 058	100.0%	45 154	100.0%	43 040	100.0%	41 804	100.0%

Much emphasis was placed on the replacement of old vehicles, as well as new vehicles, in order to improve on service delivery, including the acquisition of vehicles and plant to assist with the development of capital infrastructure. An amount of R24,2 million was budgeted for this purpose over the MTREF period.

The allocation to roads and bridges amounts to R58,1 million over the MTREF, of which R19,8 million is allocated to the 2012/2013 financial year. R7,1 million is allocated towards Community Halls and R10,5 million to sports facilities. A further R6 million is allocated to cemeteries.

The municipality is experiencing difficulties with regards to properly registered solid waste sites which comply in full with all the legal- and service delivery requirements. This not only leaves the municipality with harming the environment, but also the prospect of incurring huge fines and is it necessary to ensure the municipality complies with all requirements. The MTREF provides for an amount of R9 million for the establishment of these sites.

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets..

Senqu Municipality

2012/13 Annual Budget and MTREF

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE								
<u>Total New Assets</u>	19 223	43 941	31 841	39 173	41 058	44 504	42 040	40 804
Infrastructure - Road transport	14 825	29 701	15 934	19 989	31 212	19 830	15 085	23 208
Infrastructure - Electricity	-	242	1 149	3 000	1 500	700	742	787
Infrastructure - Other	233	-	382	3 696	124	2 000	7 000	-
Infrastructure	15 058	29 944	17 466	26 685	32 836	22 530	22 827	23 995
Community	564	10	-	6 962	3 418	6 494	7 500	7 000
Other assets	3 403	13 865	14 294	5 527	4 719	15 480	11 714	9 809
Intangibles	197	123	82	-	84	-	-	-
<u>Total Renewal of Existing Assets</u>	-	-	-	-	-	650	1 000	1 000
Community	-	-	-	-	-	650	1 000	1 000
<u>Total Capital Expenditure</u>								
Infrastructure - Road transport	14 825	29 701	15 934	19 989	31 212	19 830	15 085	23 208
Infrastructure - Electricity	-	242	1 149	3 000	1 500	700	742	787
Infrastructure - Other	233	-	382	3 696	124	2 000	7 000	-
Infrastructure	15 058	29 944	17 466	26 685	32 836	22 530	22 827	23 995
Community	564	10	-	6 962	3 418	7 144	8 500	8 000
Other assets	3 403	13 865	14 294	5 527	4 719	15 480	11 714	9 809
Intangibles	197	123	82	-	84	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	19 223	43 941	31 841	39 173	41 058	45 154	43 040	41 804
ASSET REGISTER SUMMARY - PPE (WDV)								
Infrastructure - Road transport	64 175	66 308	74 112	88 055	109 049	108 443	112 469	123 958
Infrastructure - Electricity	5 419	3 547	4 577	9 312	10 481	11 029	11 610	12 226
Infrastructure - Other	3 611	3 002	3 232	6 970	6 744	8 447	15 131	14 797
Infrastructure	73 204	72 857	81 921	104 337	126 275	127 919	139 211	150 981
Community	21 720	10	9	20 379	23 603	26 746	35 245	43 245
Investment properties	-	12 549	12 549	-	12 549	12 549	12 549	12 549
Other assets	26 372	50 431	61 528	38 422	41 317	48 162	56 861	63 474
Intangibles	380	320	300	464	384	303	215	118
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	121 676	136 166	156 306	163 603	204 127	215 679	244 080	270 367
EXPENDITURE OTHER ITEMS								
<u>Depreciation & asset impairment</u>	-	8 433	10 811	10 391	13 029	13 810	14 639	15 517
<u>Repairs and Maintenance by Asset Class</u>	1 819	2 710	3 015	4 232	3 102	3 583	3 798	4 025
Infrastructure - Road transport	577	574	568	1 221	670	710	753	798
Infrastructure - Electricity	403	449	367	540	490	519	551	584
Infrastructure - Water	-	86	86	114	34	36	38	40
Infrastructure - Sanitation	-	71	74	99	30	32	34	36
Infrastructure - Other	28	22	8	39	39	41	43	46
Infrastructure	1 007	1 202	1 103	2 012	1 262	1 338	1 478	1 503
Community	27	58	197	169	52	55	58	62
Other assets	785	1 451	1 716	2 050	1 788	2 190	2 322	2 461
TOTAL EXPENDITURE OTHER ITEMS	1 819	11 144	13 826	14 623	16 131	17 393	18 437	19 543
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	2.3%	2.4%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	6.8%	6.4%
<i>R&M as a % of PPE</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and R&M as a % of PPE</i>	1.0%	2.0%	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R2,2 million in 2012/13 and escalates to R4,4 million by 2013/14. This concomitant operational expenditure is expected to escalate to R6,9 million by 2017/18. It needs to be noted that as part of the 2012/13 MTREF, this expenditure has been factored into the two outer years of the operational budget.

EC142 Senqu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
<u>Capital expenditure</u>	1							
Vote 1 - Executive & Council		1 000	212	225				
Vote 2 - Planning & Development		350	159	169				
Vote 3 - Corporate Services		2 900	2 954	1 011				
Vote 4 - Budget & Treasury		500	530	562				
Vote 5 - Road Transport		27 905	20 557	29 033				
Vote 6 - Waste Water Management		-	-	-				
Vote 7 - Housing		-	-	-				
Vote 8 - Health		-	-	-				
Vote 9 - Community & Social Services		3 150	5 000	5 000				
Vote 10 - Sport & Recreation		3 994	3 500	3 000				
Vote 11 - Public Safety		500	500	-				
Vote 12 - Electricity		805	853	904				
Vote 13 - Waste Management		4 050	8 775	1 900				
Vote 14 - Water		-	-	-				
Vote 15 - Other		-	-	-				
Total Capital Expenditure		45 154	43 040	41 804	-	-	-	-
<u>Future operational costs by vote</u>	2							
Vote 1 - Executive & Council		50	61	72	73	74	75	76
Vote 2 - Planning & Development		18	25	34	34	35	35	36
Vote 3 - Corporate Services		145	293	343	348	354	359	364
Vote 4 - Budget & Treasury		25	52	80	81	82	83	84
Vote 5 - Road Transport		1 395	2 423	3 875	3 933	3 992	4 052	4 113
Vote 6 - Waste Water Management		-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-
Vote 9 - Community & Social Services		158	408	658	667	677	688	698
Vote 10 - Sport & Recreation		200	375	525	533	541	549	557
Vote 11 - Public Safety		25	50	50	51	52	52	53
Vote 12 - Electricity		40	83	128	130	132	134	136
Vote 13 - Waste Management		203	641	736	747	759	770	781
Vote 14 - Water		-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
Total future operational costs		2 258	4 410	6 500	6 597	6 696	6 797	6 899

Senqu Municipality

2012/13 Annual Budget and MTREF

Future revenue by source	3							
Property rates		2 015	3 686	5 636	5 720	5 806	5 893	5 981
Property rates - penalties & collection charges								
Service charges - electricity revenue		48	99	154	156	158	161	163
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue		203	641	736	747	759	770	781
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		2 266	4 426	6 526	6 623	6 723	6 824	6 926
Net Financial Implications		45 146	43 024	41 778	(26)	(26)	(27)	(27)

1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.)

MBRR Table A1 - Budgeted Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance								
Property rates	3 147	3 938	4 197	3 702	4 174	4 425	4 690	4 972
Service charges	6 595	18 797	25 941	30 726	34 035	35 177	37 288	39 525
Investment revenue	7 733	5 087	4 915	4 800	6 400	6 000	6 360	6 742
Transfers recognised - operational	53 768	60 489	103 353	89 611	125 317	99 545	102 218	111 010
Other own revenue	4 109	3 968	4 127	2 668	3 264	3 020	3 201	3 393
Total Revenue (excluding capital transfers and contributions)	75 352	92 278	142 534	131 508	173 191	148 167	153 757	165 641
Employee costs	19 727	29 383	34 733	41 159	45 460	49 846	53 585	57 604
Remuneration of councillors	6 239	6 807	7 159	8 890	8 565	9 056	9 735	10 466
Depreciation & asset impairment	–	8 433	10 811	10 391	13 029	13 810	14 639	15 517
Finance charges	–	681	1 571	1 000	1 915	2 319	2 458	2 605
Materials and bulk purchases	7 362	10 328	12 495	17 303	17 303	20 072	21 276	22 552
Transfers and grants	560	397	799	300	734	333	334	–
Other expenditure	29 797	37 917	53 438	42 785	77 309	48 771	48 609	51 810
Total Expenditure	63 685	93 946	121 005	121 828	164 315	144 207	150 636	160 554
Surplus/(Deficit)	11 668	(1 667)	21 529	9 680	8 876	3 959	3 121	5 087
Transfers recognised - capital	12 137	33 626	14 619	21 947	22 091	26 624	28 085	29 708
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796
Capital expenditure & funds sources								
Capital expenditure	19 223	43 941	31 841	39 173	41 058	45 154	43 040	41 804
Transfers recognised - capital	12 137	33 626	14 619	21 947	22 091	26 624	28 085	29 708
Internally generated funds	7 087	1 978	741	17 227	18 967	18 530	14 956	12 096
Total sources of capital funds	19 223	35 604	15 360	39 173	41 058	45 154	43 040	41 804
Financial position								
Total current assets	80 676	90 238	128 579	56 010	109 587	111 143	116 461	127 698
Total non current assets	123 551	137 923	157 977	163 603	186 006	217 350	245 751	272 038
Total current liabilities	21 632	24 388	37 836	8 001	14 863	16 204	17 666	19 260
Total non current liabilities	7 132	19 704	28 226	25 222	29 270	30 245	31 296	32 430
Community wealth/Equity	175 463	184 068	220 495	186 390	251 461	282 044	313 250	348 045
Cash flows								
Net cash from (used) operating	24 994	32 365	72 811	42 359	21 488	46 202	47 812	52 453
Net cash from (used) investing	(19 210)	(43 521)	(31 060)	(39 158)	(41 058)	(45 140)	(43 040)	(41 804)
Net cash from (used) financing	9	8 320	8 123	(168)	(689)	(1 172)	(1 265)	(1 367)
Cash/cash equivalents at the year end	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567
Cash backing/surplus reconciliation								
Cash and investments available	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567
Application of cash and investments	62 952	42 859	78 436	43 824	76 077	93 948	98 077	107 219
Balance - surplus (shortfall)	6 154	23 413	37 710	660	19 811	1 831	1 208	1 348
Asset management								
Asset register summary (WDV)	121 676	136 166	156 306	163 603	204 127	215 679	244 080	270 367
Depreciation & asset impairment	–	8 433	10 811	10 391	13 029	13 810	14 639	15 517
Renewal of Existing Assets	–	–	–	–	–	650	1 000	1 000
Repairs and Maintenance	1 819	2 710	3 015	4 232	3 102	3 583	3 798	4 025
Free services								
Cost of Free Basic Services provided	4 778	8 337	8 337	11 044	11 044	15 158	16 068	17 032
Revenue cost of free services provided	4 780	9 189	9 189	12 968	12 968	16 422	17 407	18 452
Households below minimum service level								
Water:	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–
Refuse:	31	31	31	31	31	30	30	30

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed.
5. Significant assistance is being given to the indigent households.

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard								
<i>Governance and administration</i>	29 344	62 598	73 325	83 224	85 374	92 688	99 363	107 987
Executive and council	10 061	1 827	2 675	2 526	2 526	4 836	5 429	6 848
Budget and treasury office	17 256	60 305	70 569	80 648	82 798	87 799	93 878	101 080
Corporate services	2 027	466	81	50	50	53	56	60
<i>Community and public safety</i>	17 353	14 320	11 426	7 912	22 029	7 139	8 214	7 787
Community and social services	5 593	637	1 283	3 922	978	3 062	4 626	4 694
Sport and recreation	238	–	–	3 962	3 327	3 994	3 500	3 000
Public safety	1 127	29	25	22	72	23	25	26
Housing	9 883	13 654	10 118	6	17 652	60	64	67
Health	512	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	19 172	21 937	39 430	19 923	38 360	26 825	18 358	27 735
Planning and development	4 514	3 351	5 079	2 900	10 776	2 300	–	–
Road transport	14 657	18 586	34 350	17 023	27 584	24 525	18 358	27 735
<i>Trading services</i>	21 620	27 049	32 971	42 395	49 519	48 138	55 906	51 840
Electricity	10 644	10 821	15 830	20 232	23 579	25 795	27 342	28 983
Water	–	4 495	6 050	6 592	6 993	7 413	7 858	8 329
Waste water management	4 972	7 365	6 238	6 247	13 426	6 653	7 052	7 475
Waste management	6 003	4 368	4 854	9 323	5 521	8 277	13 654	7 053
Total Revenue - Standard	87 489	125 904	157 153	153 455	195 282	174 790	181 842	195 350
Expenditure - Standard								
<i>Governance and administration</i>	21 167	22 114	25 280	37 085	38 410	41 962	44 697	48 022
Executive and council	12 238	12 403	14 736	23 958	22 709	23 352	25 032	26 834
Budget and treasury office	6 196	5 035	6 763	8 642	9 042	10 225	10 745	11 698
Corporate services	2 734	4 676	3 781	4 486	6 659	8 384	8 920	9 491
<i>Community and public safety</i>	14 452	19 455	16 404	8 069	24 424	7 843	7 848	8 388
Community and social services	3 837	4 504	5 122	6 042	5 168	6 070	5 959	6 375
Sport and recreation	21	44	193	337	149	158	167	178
Public safety	484	654	355	846	678	719	762	808
Housing	9 615	14 253	10 733	844	18 429	896	959	1 028
Health	495	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	11 268	19 759	41 902	31 241	52 336	39 673	39 740	41 929
Planning and development	4 260	4 680	8 577	9 059	17 396	11 199	9 474	9 753
Road transport	7 008	15 080	33 325	22 182	34 940	28 475	30 266	32 176
<i>Trading services</i>	16 798	32 618	37 419	45 433	49 145	54 729	58 351	62 215
Electricity	11 178	16 386	18 264	22 857	25 403	29 160	30 989	32 933
Water	–	4 322	5 173	6 592	6 972	7 458	7 971	8 520
Waste water management	427	5 461	6 354	7 604	7 442	7 976	8 546	9 156
Waste management	5 193	6 449	7 628	8 379	9 328	10 135	10 846	11 607
Total Expenditure - Standard	63 685	93 946	121 005	121 828	164 315	144 207	150 636	160 554
Surplus/(Deficit) for the year	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote								
Vote 1 - Executive & Council	10 061	1 827	2 675	2 526	2 526	4 836	5 429	6 848
Vote 2 - Planning & Development	4 514	3 351	5 079	2 900	10 776	2 300	–	–
Vote 3 - Corporate Services	2 027	466	81	50	50	53	56	60
Vote 4 - Budget & Treasury	17 256	60 305	70 569	80 648	82 798	87 799	93 878	101 080
Vote 5 - Road Transport	14 657	18 586	34 350	17 023	27 584	24 525	18 358	27 735
Vote 6 - Waste Water Management	4 972	7 365	6 238	6 247	13 426	6 653	7 052	7 475
Vote 7 - Housing	9 883	13 654	10 118	6	17 652	60	64	67
Vote 8 - Health	512	–	–	–	–	–	–	–
Vote 9 - Community & Social Services	5 593	637	1 283	3 922	978	3 062	4 626	4 694
Vote 10 - Sport & Recreation	238	–	–	3 962	3 327	3 994	3 500	3 000
Vote 11 - Public Safety	615	29	25	22	72	23	25	26
Vote 12 - Electricity	11 156	10 821	15 830	20 232	23 579	25 795	27 342	28 983
Vote 13 - Waste Management	6 003	4 368	4 854	9 323	5 521	8 277	13 654	7 053
Vote 14 - Water	–	4 495	6 050	6 592	6 993	7 413	7 858	8 329
Total Revenue by Vote	87 489	125 904	157 153	153 455	195 282	174 790	181 842	195 350
Expenditure by Vote to be appropriated								
Vote 1 - Executive & Council	12 238	12 403	14 736	23 958	22 709	23 352	25 032	26 834
Vote 2 - Planning & Development	4 260	4 680	8 577	9 059	17 396	11 199	9 474	9 753
Vote 3 - Corporate Services	2 734	4 676	3 781	4 486	6 659	8 384	8 920	9 491
Vote 4 - Budget & Treasury	6 196	5 035	6 763	8 642	9 042	10 225	10 745	11 698
Vote 5 - Road Transport	7 008	15 080	33 325	22 182	34 940	28 475	30 266	32 176
Vote 6 - Waste Water Management	427	5 461	6 354	7 604	7 442	7 976	8 546	9 156
Vote 7 - Housing	9 615	14 253	10 733	844	18 429	896	959	1 028
Vote 8 - Health	495	–	–	–	–	–	–	–
Vote 9 - Community & Social Services	3 837	4 504	5 122	6 042	5 168	6 070	5 959	6 375
Vote 10 - Sport & Recreation	21	44	193	337	149	158	167	178
Vote 11 - Public Safety	2	1	5	6	6	6	6	7
Vote 12 - Electricity	11 660	17 039	18 614	23 697	26 075	29 873	31 744	33 734
Vote 13 - Waste Management	5 193	6 449	7 628	8 379	9 328	10 135	10 846	11 607
Vote 14 - Water	–	4 322	5 173	6 592	6 972	7 458	7 971	8 520
Total Expenditure by Vote	63 685	93 946	121 005	121 828	164 315	144 207	150 636	160 554
Surplus/(Deficit) for the year	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

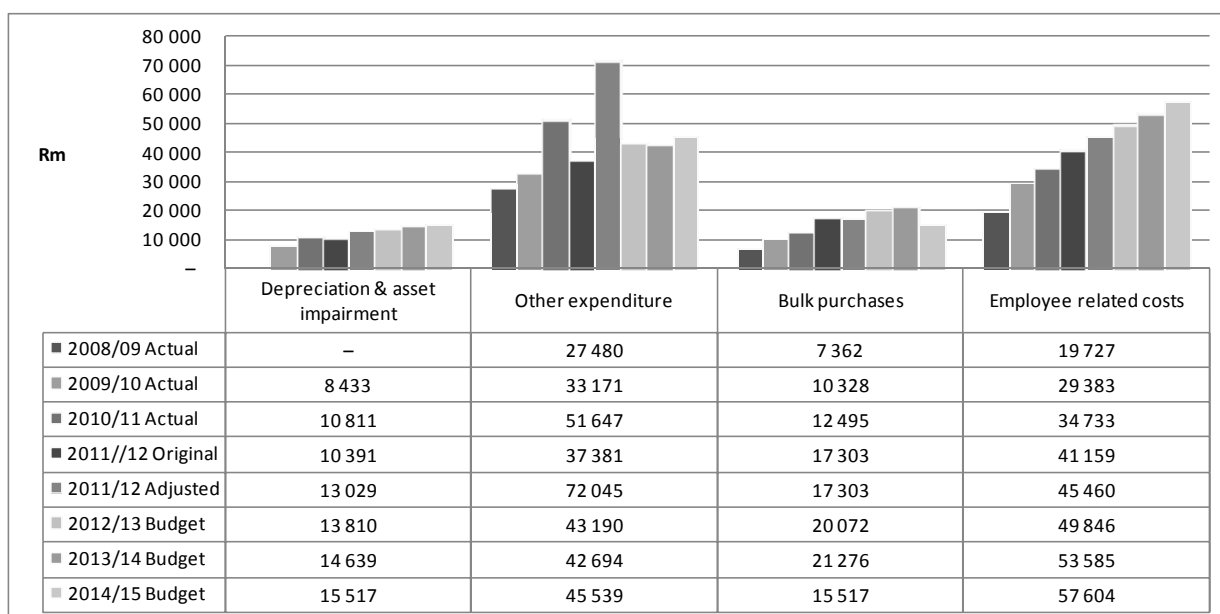
1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source								
Property rates	3 147	3 938	4 197	3 702	4 174	4 425	4 690	4 972
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges - electricity revenue	5 062	7 888	12 156	15 866	18 922	19 157	20 307	21 525
Service charges - water revenue	-	1 758	1 843	1 849	2 298	2 436	2 582	2 737
Service charges - sanitation revenue	-	765	906	1 002	1 032	1 093	1 159	1 229
Service charges - refuse revenue	1 533	1 626	1 749	2 274	2 049	2 171	2 302	2 440
Service charges - other	-	6 761	9 286	9 735	9 735	10 319	10 938	11 594
Rental of facilities and equipment	301	541	375	211	267	283	300	318
Interest earned - external investments	7 733	5 087	4 915	4 800	6 400	6 000	6 360	6 742
Interest earned - outstanding debtors	556	919	1 137	1 085	852	903	957	1 015
Fines	86	54	69	20	25	25	27	28
Licences and permits	1 322	880	814	640	840	840	890	944
Agency services	682	803	600	479	560	561	594	630
Transfers recognised - operational	53 768	60 489	103 353	89 611	125 317	99 545	102 218	111 010
Other revenue	1 162	361	1 132	234	720	408	433	459
Gains on disposal of PPE	-	409	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	75 352	92 278	142 534	131 508	173 191	148 167	153 757	165 641
Expenditure By Type								
Employee related costs	19 727	29 383	34 733	41 159	45 460	49 846	53 585	57 604
Remuneration of councillors	6 239	6 807	7 159	8 890	8 565	9 056	9 735	10 466
Debt impairment	2 309	2 332	1 333	5 404	5 265	5 580	5 915	6 270
Depreciation & asset impairment	-	8 433	10 811	10 391	13 029	13 810	14 639	15 517
Finance charges	-	681	1 571	1 000	1 915	2 319	2 458	2 605
Bulk purchases	7 362	10 328	12 495	17 303	17 303	20 072	21 276	22 552
Transfers and grants	560	397	799	300	734	333	334	-
Other expenditure	27 480	33 171	51 647	37 381	72 045	43 190	42 694	45 539
Loss on disposal of PPE	8	2 414	458	-	-	-	-	-
Total Expenditure	63 685	93 946	121 005	121 828	164 315	144 207	150 636	160 554
Surplus/(Deficit)	11 668	(1 667)	21 529	9 680	8 876	3 959	3 121	5 087
Transfers recognised - capital	12 137	33 626	14 619	21 947	22 091	26 624	28 085	29 708
Surplus/(Deficit) after capital transfers & contributions	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796
Surplus/(Deficit) for the year	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, including capital transfers, is R175 million in 2012/13 and escalates to R195 million by 2014/15. This represents a year-on-year decrease of 10,5 per cent for the 2012/13 and year-on-year increases of 4 per cent for the 2013/14 financial year and 7,4 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R4,4 million in the 2012/13 financial year and increases to R5 million by 2014/15 which represents only 3 per cent of the operating revenue base (excluding capital transfers) of the Municipality and therefore does not remain a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent, 6 per cent and 6, per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R35 million for the 2012/13 financial year and increasing to R40 million by 2014/15. For the 2012/13 financial year services charges amount to 23,7 per cent of the total revenue base and stays relatively constant over the MTREF period.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. The following graph illustrates the major expenditure items per type.



Expenditure by major type

6. Bulk purchases have significantly increased over the 2008/09 to 2012/13 period escalating from R7,4 million to R15,5 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs, depreciation, operating grant expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-
Vote 2 - Planning & Development	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	2 000	2 000	-
Vote 4 - Budget & Treasury	-	-	-	-	-	-	-	-
Vote 5 - Road Transport	-	-	-	-	-	-	-	-
Vote 6 - Waste Water Management	-	-	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services	-	-	-	-	-	-	-	-
Vote 10 - Sport & Recreation	-	-	-	-	-	-	-	-
Vote 11 - Public Safety	-	-	-	-	-	-	-	-
Vote 12 - Electricity	-	-	-	-	-	-	-	-
Vote 13 - Waste Management	-	-	-	-	-	-	-	-
Vote 14 - Water	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	2 000	2 000	-
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	222	656	1 289	150	150	1 000	212	225
Vote 2 - Planning & Development	67	1 886	1 071	100	56	350	159	169
Vote 3 - Corporate Services	13	8 193	9 546	850	550	900	954	1 011
Vote 4 - Budget & Treasury	76	551	779	450	534	500	530	562
Vote 5 - Road Transport	10 146	32 056	16 705	18 405	20 698	27 905	20 557	29 033
Vote 6 - Waste Water Management	5 264	-	-	4 000	12 604	-	-	-
Vote 7 - Housing	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services	1 649	99	111	3 200	615	3 150	5 000	5 000
Vote 10 - Sport & Recreation	335	25	-	3 962	2 918	3 994	3 500	3 000
Vote 11 - Public Safety	446	-	-	-	-	500	500	-
Vote 12 - Electricity	270	458	2 229	3 061	1 561	805	853	904
Vote 13 - Waste Management	735	17	112	4 996	1 372	4 050	8 775	1 900
Vote 14 - Water	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	19 223	43 941	31 841	39 173	41 058	43 154	41 040	41 804
Total Capital Expenditure - Vote	19 223	43 941	31 841	39 173	41 058	45 154	43 040	41 804
Capital Expenditure - Standard								
<i>Governance and administration</i>	311	9 400	11 614	1 450	1 234	4 400	3 696	1 798
Executive and council	222	656	1 289	150	150	1 000	212	225
Budget and treasury office	76	551	779	450	534	500	530	562
Corporate services	13	8 193	9 546	850	550	2 900	2 954	1 011
<i>Community and public safety</i>	2 430	124	111	7 162	3 533	7 644	9 000	8 000
Community and social services	1 649	99	111	3 200	615	3 150	5 000	5 000
Sport and recreation	335	25	-	3 962	2 918	3 994	3 500	3 000
Public safety	446	-	-	-	-	500	500	-
<i>Economic and environmental services</i>	10 213	33 942	17 776	18 505	20 754	28 255	20 716	29 202
Planning and development	67	1 886	1 071	100	56	350	159	169
Road transport	10 146	32 056	16 705	18 405	20 698	27 905	20 557	29 033
<i>Trading services</i>	6 269	475	2 341	12 056	15 537	4 855	9 628	2 804
Electricity	270	458	2 229	3 061	1 561	805	853	904
Waste water management	5 264	-	-	4 000	12 604	-	-	-
Waste management	735	17	112	4 996	1 372	4 050	8 775	1 900
<i>Other</i>	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	19 223	43 941	31 841	39 173	41 058	45 154	43 040	41 804
Funded by:								
National Government	12 137	20 730	14 514	21 947	22 007	26 624	28 085	29 708
Provincial Government	-	12 896	105	-	84	-	-	-
Transfers recognised - capital	12 137	33 626	14 619	21 947	22 091	26 624	28 085	29 708
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	8 337	16 481	-	-	-	-	-
Internally generated funds	7 087	1 978	741	17 227	18 967	18 530	14 956	12 096
Total Capital Funding	19 223	43 941	31 841	39 173	41 058	45 154	43 040	41 804

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R2 million has been allocated of the total R45,1 million capital budget. This allocation stays at R2 million in 2013/14 and then to R0 million in 2014/15 owing primarily to the fact that various projects reach completion in 2013/14.
3. Single-year capital expenditure has been appropriated at R43,1 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R43 million and R41,8 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses. and is listed above.

MBRR Table A6 - Budgeted Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS								
Current assets								
Cash	2 012	405	2 276	500	500	500	500	500
Call investment deposits	67 095	65 867	113 870	43 983	95 388	95 279	98 785	108 067
Consumer debtors	8 766	10 104	4 476	11 527	5 743	6 627	7 565	8 559
Other debtors	2 788	10 129	2 789	–	2 789	3 068	3 374	3 712
Current portion of long-term receivables	15	17	14	–	14	–	–	–
Inventory	–	3 717	5 154	–	5 154	5 669	6 236	6 860
Total current assets	80 676	90 238	128 579	56 010	109 587	111 143	116 461	127 698
Non current assets								
Long-term receivables	30	14	–	–	–	–	–	–
Investment property	–	12 549	12 549	–	12 549	12 549	12 549	12 549
Property, plant and equipment	121 296	123 297	143 458	163 139	171 403	202 827	231 316	257 700
Intangible	380	320	300	464	384	303	215	118
Other non-current assets	1 844	1 743	1 671	–	1 671	1 671	1 671	1 671
Total non current assets	123 551	137 923	157 977	163 603	186 006	217 350	245 751	272 038
TOTAL ASSETS	204 227	228 160	286 557	219 613	295 594	328 493	362 212	399 735
LIABILITIES								
Current liabilities								
Borrowing	–	174	778	214	1 206	1 303	1 407	1 519
Consumer deposits	379	363	342	431	431	466	503	543
Trade and other payables	17 393	13 465	25 426	1 123	1 936	2 130	2 343	2 577
Provisions	3 859	10 386	11 290	6 232	11 290	12 306	13 413	14 620
Total current liabilities	21 632	24 388	37 836	8 001	14 863	16 204	17 666	19 260
Non current liabilities								
Borrowing	–	8 163	15 703	16 586	14 497	13 194	11 787	10 268
Provisions	7 132	11 541	12 523	8 636	14 773	17 051	19 509	22 162
Total non current liabilities	7 132	19 704	28 226	25 222	29 270	30 245	31 296	32 430
TOTAL LIABILITIES	28 764	44 092	66 062	33 223	44 132	46 448	48 962	51 690
NET ASSETS	175 463	184 068	220 495	186 390	251 461	282 044	313 250	348 045
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	129 612	143 537	156 852	132 673	169 463	180 157	206 265	230 890
Reserves	45 851	40 531	63 643	53 717	81 999	101 888	106 985	117 156
TOTAL COMMUNITY WEALTH/EQUITY	175 463	184 068	220 495	186 390	251 461	282 044	313 250	348 045

Explanatory notes to Table A6 - Budgeted Financial Position

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

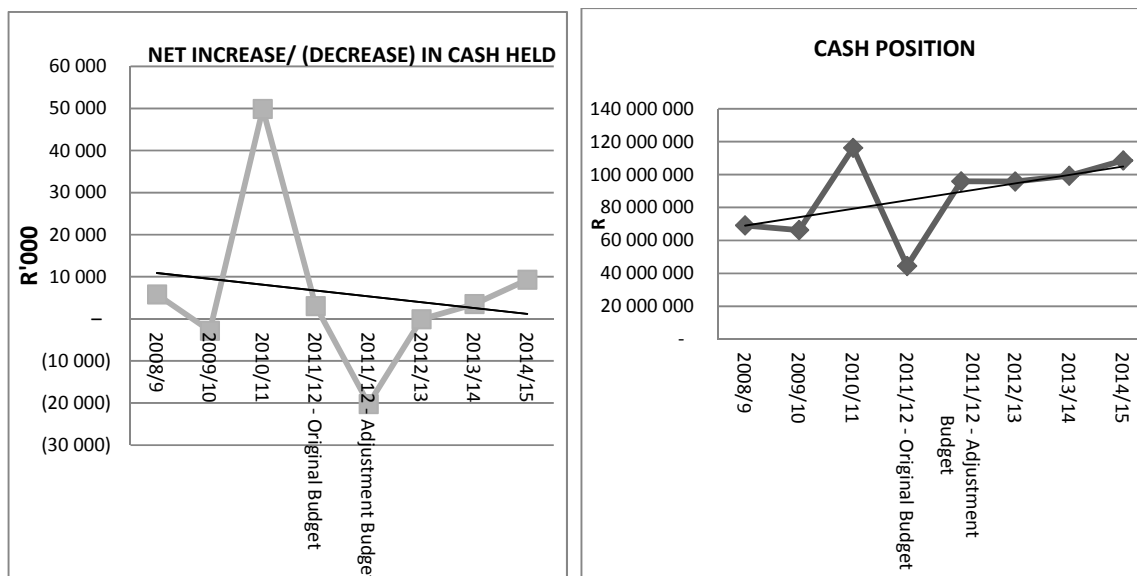
Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	4 964	13 728	46 164	35 457	34 091	40 555	42 978	45 544
Government - operating	53 768	59 737	76 494	89 611	101 912	99 545	102 218	111 010
Government - capital	12 137	34 378	41 478	21 947	22 007	26 624	28 085	29 708
Interest	7 733	5 087	4 915	5 885	7 252	6 903	7 317	7 756
Payments								
Suppliers and employees	(53 047)	(79 487)	(93 870)	(109 241)	(141 124)	(124 773)	(129 993)	(138 960)
Finance charges	–	(681)	(1 571)	(1 000)	(1 915)	(2 319)	(2 458)	(2 605)
Transfers and Grants	(560)	(397)	(799)	(300)	(734)	(333)	(334)	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	24 994	32 365	72 811	42 359	21 488	46 202	47 812	52 453
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	405	764	–	–	–	–	–
Decrease (Increase) in non-current debtors	14	15	17	15	–	14	–	–
Payments								
Capital assets	(19 223)	(43 941)	(31 841)	(39 173)	(41 058)	(45 154)	(43 040)	(41 804)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(19 210)	(43 521)	(31 060)	(39 158)	(41 058)	(45 140)	(43 040)	(41 804)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing	–	8 337	8 473	–	–	–	–	–
Increase (decrease) in consumer deposits	9	(16)	(21)	32	89	34	37	40
Payments								
Repayment of borrowing	–	–	(329)	(200)	(778)	(1 206)	(1 303)	(1 407)
NET CASH FROM/(USED) FINANCING ACTIVITIES	9	8 320	8 123	(168)	(689)	(1 172)	(1 265)	(1 367)
NET INCREASE/ (DECREASE) IN CASH HELD	5 794	(2 835)	49 875	3 033	(20 258)	(109)	3 506	9 282
Cash/cash equivalents at the year begin:	63 313	69 107	66 272	41 450	116 147	95 888	95 779	99 285
Cash/cash equivalents at the year end:	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available								
Cash/cash equivalents at the year end	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567
Other current investments > 90 days	(0)	(0)	0	–	–	–	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–
Cash and investments available:	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567
Application of cash and investments								
Unspent conditional transfers	16 737	12 142	23 490	192	–	–	–	–
Other working capital requirements	(3 495)	(9 247)	(7 852)	(10 085)	(5 077)	(7 095)	(8 063)	(9 092)
Other provisions	3 859	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	45 851	39 965	62 798	53 717	81 154	101 043	106 141	116 311
Total Application of cash and investments:	62 952	42 859	78 436	43 824	76 077	93 948	98 077	107 219
Surplus(shortfall)	6 154	23 413	37 710	660	19 811	1 831	1 208	1 348

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.



3. It can be seen that the cash levels of the Municipality is expected to fall significantly in the current Adjustments Budget owing directly to asset acquisitions from own sources. It further marginally (R109 000) decreases during the budget financial year and then increases again in the outer years of the MTREF. The municipality is serious about staying a financially viable municipality, and by so doing ensuring that services can be delivered in a sustainable manner.
4. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R95,8 million as at the end of the 2012/13 financial year and decreases to R108,6 million by 2014/15.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE								
Total New Assets	19 223	43 941	31 841	39 173	41 058	44 504	42 040	40 804
Infrastructure - Road transport	14 825	29 701	15 934	19 989	31 212	19 830	15 085	23 208
Infrastructure - Electricity	–	242	1 149	3 000	1 500	700	742	787
Infrastructure - Other	233	–	382	3 696	124	2 000	7 000	–
Infrastructure	15 058	29 944	17 466	26 685	32 836	22 530	22 827	23 995
Community	564	10	–	6 962	3 418	6 494	7 500	7 000
Other assets	3 403	13 865	14 294	5 527	4 719	15 480	11 714	9 809
Intangibles	197	123	82	–	84	–	–	–
Total Renewal of Existing Assets	–	–	–	–	–	650	1 000	1 000
Community	–	–	–	–	–	650	1 000	1 000
Total Capital Expenditure								
Infrastructure - Road transport	14 825	29 701	15 934	19 989	31 212	19 830	15 085	23 208
Infrastructure - Electricity	–	242	1 149	3 000	1 500	700	742	787
Infrastructure - Other	233	–	382	3 696	124	2 000	7 000	–
Infrastructure	15 058	29 944	17 466	26 685	32 836	22 530	22 827	23 995
Community	564	10	–	6 962	3 418	7 144	8 500	8 000
Other assets	3 403	13 865	14 294	5 527	4 719	15 480	11 714	9 809
Intangibles	197	123	82	–	84	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	19 223	43 941	31 841	39 173	41 058	45 154	43 040	41 804
ASSET REGISTER SUMMARY - PPE (WDV)								
Infrastructure - Road transport	64 175	66 308	74 112	88 055	109 049	108 443	112 469	123 958
Infrastructure - Electricity	5 419	3 547	4 577	9 312	10 481	11 029	11 610	12 226
Infrastructure - Other	3 611	3 002	3 232	6 970	6 744	8 447	15 131	14 797
Infrastructure	73 204	72 857	81 921	104 337	126 275	127 919	139 211	150 981
Community	21 720	10	9	20 379	23 603	26 746	35 245	43 245
Investment properties	–	12 549	12 549	–	12 549	12 549	12 549	12 549
Other assets	26 372	50 431	61 528	38 422	41 317	48 162	56 861	63 474
Intangibles	380	320	300	464	384	303	215	118
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	121 676	136 166	156 306	163 603	204 127	215 679	244 080	270 367
EXPENDITURE OTHER ITEMS								
Depreciation & asset impairment	–	8 433	10 811	10 391	13 029	13 810	14 639	15 517
Repairs and Maintenance by Asset Class	1 819	2 710	3 015	4 232	3 102	3 583	3 798	4 025
Infrastructure - Road transport	577	574	568	1 221	670	710	753	798
Infrastructure - Electricity	403	449	367	540	490	519	551	584
Infrastructure - Water	–	86	86	114	34	36	38	40
Infrastructure - Sanitation	–	71	74	99	30	32	34	36
Infrastructure - Other	28	22	8	39	39	41	43	46
Infrastructure	1 007	1 202	1 103	2 012	1 262	1 338	1 418	1 503
Community	27	58	197	169	52	55	58	62
Other assets	785	1 451	1 716	2 050	1 788	2 190	2 322	2 461
TOTAL EXPENDITURE OTHER ITEMS	1 819	11 144	13 826	14 623	16 131	17 393	18 437	19 543
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	2.3%	2.4%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	6.8%	6.4%
R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE	1.0%	2.0%	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

MBRR Table A10 - Basic Service Delivery Measurement									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	Function of Joe Gqabi District Municipality								
Water:	-	-	-	-	-	-	-	-	-
Piped water inside dwelling	-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	Function of Joe Gqabi District Municipality								
Flush toilet (connected to sewerage)	-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
Energy:									
Electricity (at least min.service level)	33 689	33 689	34 802	34 802	34 802	34 802	33 831	33 831	33 831
Electricity - prepaid (min.service level)	1 733	1 733	1 149	1 149	1 149	1 149	1 276	1 276	1 276
Other water supply (at least min.service level)	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
Refuse:									
Removed at least once a week	4 366	4 366	4 715	4 715	4 715	4 715	4 930	4 930	4 930
Other water supply (at least min.service level)	4 366	4 366	4 715	4 715	4 715	4 715	4 930	4 930	4 930
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	31 056	31 056	31 236	31 236	31 236	31 236	30 177	30 177	30 177
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
No water supply	31 056	31 056	31 236	31 236	31 236	31 236	30 177	30 177	30 177
Below Minimum Service Level sub-total	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	6 968	6 968	6 968	5 914	5 914	5 914	23 837	23 837	23 837
Refuse (removed at least once a week)	2 245	2 245	2 245	2 545	2 545	2 545	2 931	2 931	2 931

Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	–	1 093 097	1 093 097	1 490 720	1 490 720	1 490 720	1 815 801	1 924 749	2 040 234
Sanitation (free sanitation service)	–	1 724 004	1 724 004	2 355 130	2 355 130	2 355 130	3 137 600	3 325 856	3 525 407
Electricity/other energy (50kwh per household per month)	2 767 712	3 120 967	3 120 967	4 014 210	4 014 210	4 014 210	6 255 065	6 630 369	7 028 191
Refuse (removed once a week)	2 010 731	2 398 800	2 398 800	3 183 470	3 183 470	3 183 470	3 949 931	4 186 927	4 438 142
Total cost of FBS provided (minimum social package)	4 778	8 337	8 337	11 044	11 044	11 044	15 158	16 068	17 032
Highest level of free service provided									
Property rates (R value threshold)	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000
Water (kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)	–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140	140	140	140	140
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	1 804	852 247	852 247	1 924 210	1 924 210	1 924 210	1 263 622	1 339 439	1 419 805
Property rates (other exemptions, reductions and rebates)	–	–	–	–	–	–	–	–	–
Water	–	1 093 097	1 093 097	1 490 720	1 490 720	1 490 720	1 815 801	1 924 749	2 040 234
Sanitation	–	1 724 004	1 724 004	2 355 130	2 355 130	2 355 130	3 137 600	3 325 856	3 525 407
Electricity/other energy	2 767 712	3 120 967	3 120 967	4 014 210	4 014 210	4 014 210	6 255 065	6 630 369	7 028 191
Refuse	2 010 731	2 398 800	2 398 800	3 183 470	3 183 470	3 183 470	3 949 931	4 186 927	4 438 142
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)	4 780	9 189	9 189	12 968	12 968	12 968	16 422	17 407	18 452

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
Energy:	–	–	–	–	–	–	–	–	–
Electricity (at least min.service level)	33 689	33 689	34 802	34 802	34 802	34 802	33 831	33 831	33 831
Electricity - prepaid (min.service level)	1 733	1 733	1 149	1 149	1 149	1 149	1 276	1 276	1 276
Other water supply (at least min.service level)	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
Below Minimum Service Level sub-total	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
Refuse:	–	–	–	–	–	–	–	–	–
Removed at least once a week	4 366	4 366	4 715	4 715	4 715	4 715	4 930	4 930	4 930
Other water supply (at least min.service level)	4 366	4 366	4 715	4 715	4 715	4 715	4 930	4 930	4 930
Using communal refuse dump	31 056	31 056	31 236	31 236	31 236	31 236	30 177	30 177	30 177
No water supply	31 056	31 056	31 236	31 236	31 236	31 236	30 177	30 177	30 177
Below Minimum Service Level sub-total	35 422	35 422	35 951	35 951	35 951	35 951	35 107	35 107	35 107
	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)	6 968	6 968	6 968	5 914	5 914	5 914	23 837	23 837	23 837
Refuse (removed at least once a week)	2 245	2 245	2 245	2 545	2 545	2 545	2 931	2 931	2 931
	–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided (R'000)	–	–	–	–	–	–	–	–	–
Water (6 kilolitres per household per month)	–	1 093 097	1 093 097	1 490 720	1 490 720	1 490 720	1 815 801	1 924 749	2 040 234
Sanitation (free sanitation service)	–	1 724 004	1 724 004	2 355 130	2 355 130	2 355 130	3 137 600	3 325 856	3 525 407
Electricity/other energy (50kwh per household per month)	2 767 712	3 120 967	3 120 967	4 014 210	4 014 210	4 014 210	6 255 065	6 630 369	7 028 191
Refuse (removed once a week)	2 010 731	2 398 800	2 398 800	3 183 470	3 183 470	3 183 470	3 949 931	4 186 927	4 438 142
Total cost of FBS provided (minimum social package)	4 778 443	8 336 868	8 336 868	11 043 530	11 043 530	11 043 530	15 158 397	16 067 901	17 031 975
	–	–	–	–	–	–	–	–	–
Highest level of free service provided	–	–	–	–	–	–	–	–	–
Property rates (R value threshold)	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140	140	140	140	140
Revenue cost of free services provided (R'000)	–	–	–	–	–	–	–	–	–
Property rates (R15 000 threshold rebate)	1 804	852 247	852 247	1 924 210	1 924 210	1 924 210	1 263 622	1 339 439	1 419 805
Property rates (other exemptions, reductions and rebates)	1 804	–	–	1 924 210	1 192 096	1 192 096	1 192 096	1 263 622	1 339 439
Water	–	1 093 097	1 093 097	1 490 720	1 490 720	1 490 720	1 815 801	1 924 749	2 040 234
Sanitation	–	1 724 004	1 724 004	2 355 130	2 355 130	2 355 130	3 137 600	3 325 856	3 525 407

Part 2 – Supporting Documentation

5.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Head Councillor of Financial Services.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

5.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2011. Key dates applicable to the process were:

Preparation Phase (1st August – 31 August 2011)
<ul style="list-style-type: none"> • Submit Process Plan to EXCO : 25/08/11 • Special Council adoption of process plan 31/08/11
Analysis (1st September – 31 October 2011)
<ul style="list-style-type: none"> • IDP process plan with Schedule of key deadlines advertised September 2011 • Public participation programme from 16 September 2011 – 14 October • IDP Rep Forum September 2011 • IDP Rep Forum 26 October 2011
Strategies & Projects (1 November 2011- 31 December 2011)
<ul style="list-style-type: none"> • Departments to meet to discuss adjustment budget, projects and strategies for next year 1 – 16 November 2011 • IDP Rep Forum 22 November 2011
Integration (1 January – 1 March 2012)
<ul style="list-style-type: none"> • Budget & Treasury to draft operational expenditure and contributions to capital and IDP projects by 8 February 2012 • Ward Committee meetings 20 – 28 February 2011 • Meetings with sector departments 1-20 February 2011

Approval (1 March – 27 May 2012)
<ul style="list-style-type: none"> • IDP Rep Forum 6 March 2012 (draft IDP & budget) • Advertise for comments 9 March 2012 – 30 March 2012 • Mayor tables draft budget, draft resolutions, draft service delivery agreements and draft budget related policies and tariff increases by 27 March 2012 • Council interacts with public March – April 2012 • Council Approve draft IDP & Budget 30 March 2012 • IDP Rep Forum (PMS) 2 May 2012 • Council approves final budget, system of delegations & IDP 31 May 2012 • Final IDP Submitted to MEC for Local Government 8 June 2012 • Summaries of the adopted IDP and Budget published 10 May 2011 • SDBIP and draft performance agreements of section 56 Managers approved by Exco 20 June 2012 • SDBIP submitted to MEC for Local Government 1 July 2012
Monitoring & evaluation (ongoing)
<ul style="list-style-type: none"> • IDP & Budget Steering Committee receive and discuss quarterly SDBIP reports quarterly • IDP & Budget Steering Committee receive and discuss mid-year performance report

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. The public consultation phase was held in October and the IDP Rep Forum scheduled for September and October were combined in one meeting on the 22 November 2011. The Rep Forum for the 6th March was changed to the 19 March 2012. In addition the public comment phase was changed from March to April 2012

5.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in March 2011 and again by the new Council in May 2012. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2010/11 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

5.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2010/11 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

5.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2010/11 Financial Year	2012/13 MTREF
1. The provision of quality basic services and infrastructure	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. Acceleration of higher and shared economic growth and development	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. Fostering participatory democracy and adherence to Senqu principles through a caring, accessible and accountable service	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. Good governance, Financial viability and institutional governance	5. To implement good financial management (KA Financial management and viability)

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial

government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2008/9	2009/10	2010/11	ent Year 2011/12		2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Good Governance	To build an institution capable of effective delivery with sound administration and good governance practices	10 061	1 827	2 675	2 526	2 526	4 836	5 429	6 848
Sustainable Infrastructure Development	Provide Sustainable Infrastructure Development by improving and building housing infrastructure, reconstructing access roads and rebuilding gravel roads.	24 540	32 240	44 469	17 029	45 236	24 585	18 422	27 802
Sustainable Basic Services	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	22 132	27 049	32 971	42 395	49 519	48 138	55 906	51 840
Economic Development	To create a conducive environment for local economic development and growth and unleash the potential for job creation by implementing job creation opportunities through implementing Public Private Partnerships, implement Expanded Public Works Programme and accelerate the establishment of SMMEs.	4 514	3 351	5 079	2 900	10 776	2 300	–	–
Social Development	To create a healthy and sustainable environment by improving environmental management and combating illegal dumping	5 593	637	1 283	3 922	978	3 062	4 626	4 694
	To build community resilience for sustainable livelihood by improving cemetery records and administration and improving cemetery conditions.	238	–	–	3 962	3 327	3 994	3 500	3 000
Financial Viability	To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementting all MFMA regulations and reforms	19 283	60 771	70 650	80 698	82 848	87 852	93 934	101 139
Safety & Security	To create a safe and secure environment by providing adequate community lighting, establish partnerships with SAPS, and ensure functional CPF's and Ward Committees.	1 127	29	25	22	72	23	25	26
Total Revenue (excluding capital transfers and contributions)		87 489	125 904	157 153	153 455	195 282	174 790	181 842	195 350

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Good Governance	To build an institution capable of effective delivery with sound administration and good governance practices	12 238	12 403	14 736	23 958	22 709	23 352	25 032	26 834
Sustainable Infrastructure Development	Provide Sustainable Infrastructure Development by improving and building housing infrastructure, reconstructing access roads and rebuilding gravel roads.	9 615	14 253	10 733	844	18 429	896	959	1 028
	Provide Sustainable Infrastructure Development by improving and building housing infrastructure, reconstructing access roads and rebuilding gravel roads.	7 008	15 080	33 325	22 182	34 940	28 475	30 266	32 176
Sustainable Basic Services	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	5 193	6 449	7 628	8 379	9 328	10 135	10 846	11 607
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	11 178	16 386	18 264	22 857	25 403	29 160	30 989	32 933
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	–	4 322	5 173	6 592	6 972	7 458	7 971	8 520
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	427	5 461	6 354	7 604	7 442	7 976	8 546	9 156
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	495	–	–	–	–	–	–	–
Economic Development	To create a conducive environment for local economic development and growth and unleash the potential for job creation by implementing job creation opportunities through implementing Public Private Partnerships, implement Expanded Public Works Programme and accelerate the establishment of SMMEs.	4 260	4 680	8 577	9 059	17 396	11 199	9 474	9 753

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Social Development	To create a healthy and sustainable environment by improving environmental management and combating illegal dumping	3 837	4 504	5 122	6 042	5 168	6 070	5 959	6 375
	To build community resilience for sustainable livelihood by improving cemetery records and administration and improving cemetery conditions.	21	44	193	337	149	158	167	178
	To promote tourism in the Senqu Municipal area	-	-	-	-	-	-	-	-
Financial Viability	To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementting all MFMA regulations and reforms	6 196	5 035	6 763	8 642	9 042	10 225	10 745	11 698
	To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementting all MFMA regulations and reforms	2 734	4 676	3 781	4 486	6 659	8 384	8 920	9 491
Safety & Security	To create a safe and secure environment by providing adequate community lighting, establish partnerships with SAPS, and ensure functional CPF's and Ward Committees.	484	654	355	846	678	719	762	808
Total Expenditure		63 685	93 946	121 005	121 828	164 315	144 207	150 636	160 554

MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

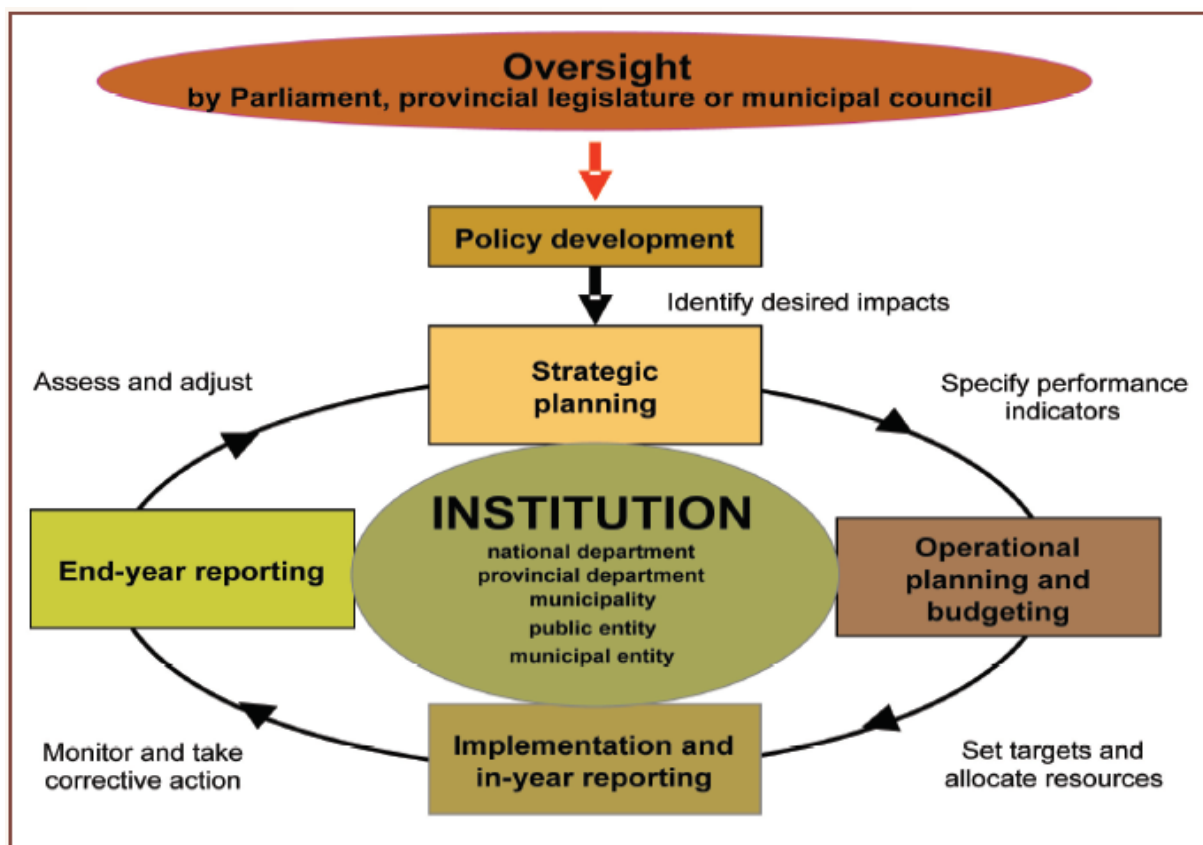
Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Good Governance	To build an institution capable of effective delivery with sound administration and good governance practices	222	656	1 289	150	150	1 000	212	225
Sustainable Infrastructure Development	Provide Sustainable Infrastructure Development by improving and building housing infrastructure, reconstructing access roads and rebuilding gravel roads.	10 146	32 056	16 705	18 405	20 698	27 905	20 557	29 033
Sustainable Basic Services	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	735	17	112	4 996	1 372	4 050	8 775	1 900
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	270	458	2 229	3 061	1 561	805	853	904
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	5 264	-	-	4 000	12 604	-	-	-
Economic Development	To create a conducive environment for local economic development and growth and unleash the potential for job creation by implementing job creation opportunities through implementing Public Private Partnerships, implement Expanded Public Works Programme and accelerate the establishment of SMMEs.	67	1 886	1 071	100	56	350	159	169
Social Development	To create a healthy and sustainable environment by improving environmental management and combating illegal dumping	1 649	99	111	3 200	615	3 150	5 000	5 000
	To build community resilience for sustainable livelihood by improving cemetery records and administration and improving cemetery conditions.	335	25	-	3 962	2 918	3 994	3 500	3 000

Financial Viability	To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementing all MFMA regulations and reforms	76	551	779	450	534	500	530	562
	To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementing all MFMA regulations and reforms	13	8 193	9 546	850	550	2 900	2 954	1 011
Safety & Security	To create a safe and secure environment by providing adequate community lighting, establish partnerships with SAPS, and ensure functional CPF's and Ward Committees.	446	–	–	–	–	500	500	–
Total Capital Expenditure		19 223	43 941	31 841	39 173	41 058	45 154	43 040	41 804

5.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

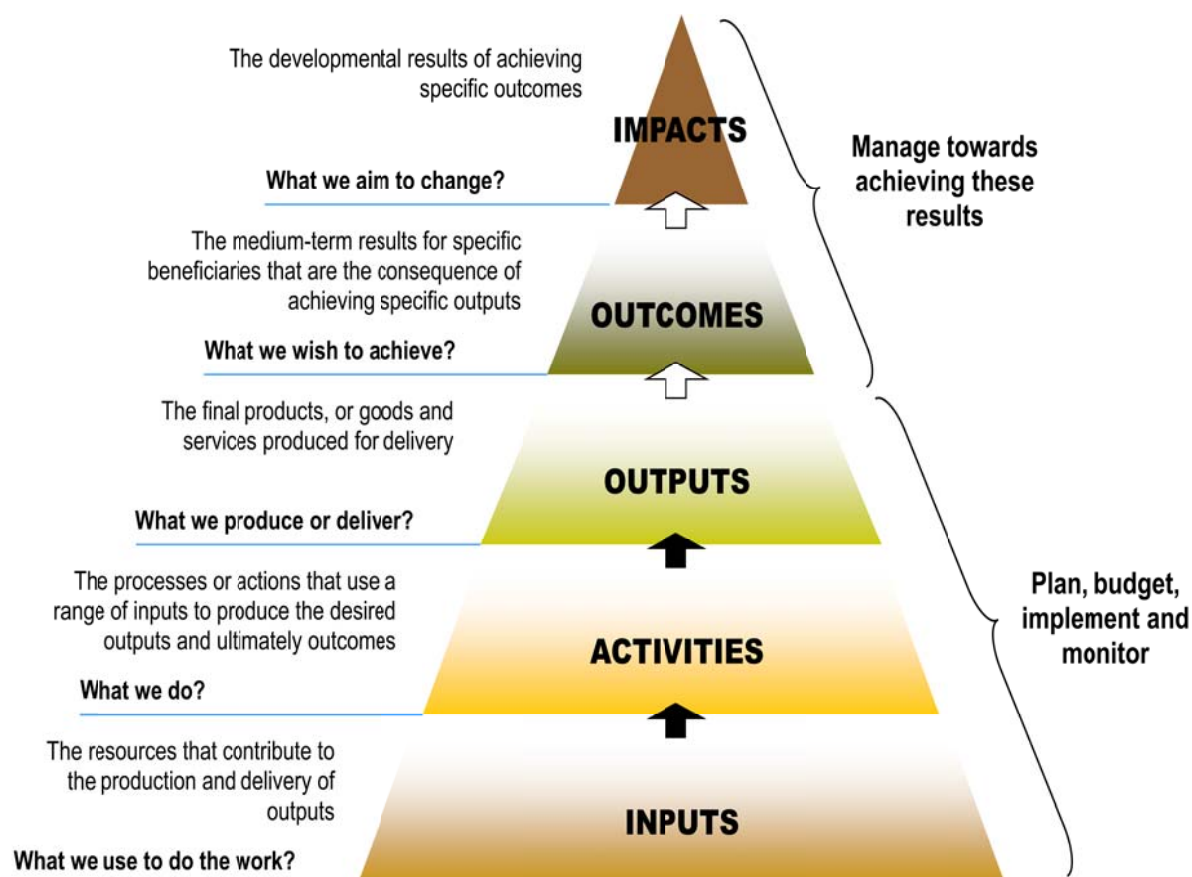
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

Senqu Municipality

2012/13 Annual Budget and MTREF

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote1 - Council & Executive									
Function 1 - Executive									
Sub-function 1 - Buildings									
Extension of offices	Completion of project	158	7 411	–	–	–	–	–	–
Vote 3 - Corporate Services									
Function 1 - Buildings									
Sub-function 1 - Other Buildings									
Building	Completion of project	–	–	563	–	–	2 000	2 000	–
Vote5 - Road Transport									
Function 1 - Roads									
Sub-function 1 - Acces Roads									
Upgrading Access Roads: Wards 4, 5 & 6	Completion of project to the specification of the engineers	4 149	–	–	–	–	–	–	–
Construction Access Roads: Wards 1, 2 & 3	Completion of project to the specification of the engineers	7 564	3 133	–	–	–	–	–	–
Upgrade of Access Roads in Ward 7, 8, 9 & 12 (Phase II)	Completion of project to the specification of the engineers	–	7 195	–	6 809	1 094	–	–	–
Access Roads	Completion of project to the specification of the engineers	–	–	–	–	–	7 930	7 954	6 552
Sub-function 2 - Surfaced Roads									
Surfaced Roads	Completion of project to the specification of the engineers	–	–	–	4 000	3 762	–	–	–
Function 2 - Taxi Ranks									
Sub-function 1 - Taxi Ranks									
Sterkspruit Taxi Rank	Fully functional taxi rank	4 149	–	270	1 980	11 456	–	–	–
Function 3 - Bridges									
Sub-function 1 - Bridges									
Bridges	Completion of project to the specification of the engineers	–	–	–	–	–	10 700	6 131	16 657

Senqu Municipality

2012/13 Annual Budget and MTREF

[illegible]

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.7%	1.6%	1.0%	1.6%	1.6%	1.6%	2.4%	2.5%	2.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	2.1%	4.8%	2.9%	5.6%	5.6%	5.6%	7.2%	7.3%	7.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	80.8%	49.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	20.1%	24.7%	30.9%	17.7%	14.8%	14.8%	12.9%	11.0%	8.8%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	3.7	3.7	3.4	7.0	7.4	7.4	7.4	6.9	6.6	6.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.7	3.7	3.4	7.0	7.4	7.4	7.4	6.9	6.6	6.6
Liquidity Ratio	Monetary Assets/Current Liabilities	3.2	2.7	3.1	5.6	6.5	6.5	6.5	5.9	5.6	5.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		35.9%	52.3%	134.8%	95.6%	82.2%	82.2%	82.2%	95.2%	95.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			35.8%	52.2%	134.7%	95.6%	82.2%	82.2%	82.2%	95.2%	95.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.4%	22.0%	5.1%	8.8%	4.9%	4.9%	4.9%	6.5%	7.1%	7.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		0.9%	2.0%	1.7%	2.1%	2.0%	2.0%	2.0%	2.2%	2.4%	2.4%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	40.5%	40.1%	23.9%							
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	0.0%	0.0%	0.0%							
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.2%	31.8%	24.4%	31.3%	26.2%	26.2%	26.2%	33.6%	34.9%	34.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.5%	39.2%	29.4%	38.1%	31.2%	31.2%		39.8%	41.2%	41.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.4%	2.9%	2.1%	3.2%	1.8%	1.8%		2.4%	2.5%	2.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	9.9%	8.7%	8.7%	8.6%	8.6%	8.6%	10.9%	11.1%	10.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.2	6.1	6.4	5.2	5.2	5.2	5.9	5.6	5.6	6.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	115.2%	87.0%	23.9%	33.3%	22.2%	22.2%	22.2%	24.3%	25.9%	27.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	17.6	12.6	17.8	6.0	10.7	10.7	10.7	11.1	10.9	11.2

5.3.1 Performance indicators and benchmarks

5.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 7,3 per throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum..
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile. The debt reduces over the period and it is not expected to increase any time soon

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

5.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. A ratio in the region of 50% is a general benchmark and the municipality is

currently on 145,8 per cent and reducing to 8.8 per cent by 2014/2015. This is again a clear indication of the municipality's financial strength.

5.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of more than 2 which is a general benchmark, hence at no point in time should this ratio be less than 2. For the 2012/13 MTREF the current ratio is 6.9 and 6.6 for the two outer years of the MTREF. Going forward it will be good financial practices if these levels can be maintained.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 3.1 and as part of the financial planning strategy it has been increased to 5.9 in the 2012/13 financial year and is planned to stabilise at 5.6 in the outer years of the MTREF.

5.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 86 per cent which is a fairly conservative approach in order to cater for the current negative economic climate.

5.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

5.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 40 per cent in the 2008/09 financial year to 23,9 per cent in 2010/11. The municipality invested in infrastructure to reduce this high level, and the fruits of such investment were already obvious in the year of implementation i.e. 2010/2011. Further reductions are expected for the current year and the MTREF period and the target is to bring this down to a more acceptable level of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

5.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 23 837 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

5.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

5.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 86 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

5.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

5.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

5.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

5.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in August 2009 and was amended on 16 February 2011 in respect of both Operating and Capital Budget Fund Transfers.

5.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in January 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of

certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

5.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

5.5 Overview of budget assumptions

5.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2013 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

5.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

5.5.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

5.5.4 Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

5.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (86 per cent) of annual billings. Cash flow is assumed to be 86 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

5.5.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

5.5.7 Salary increases

There is no collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 58 of National Treasury was used to budget accordingly.

5.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;

- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

5.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

5.6 Overview of budget funding

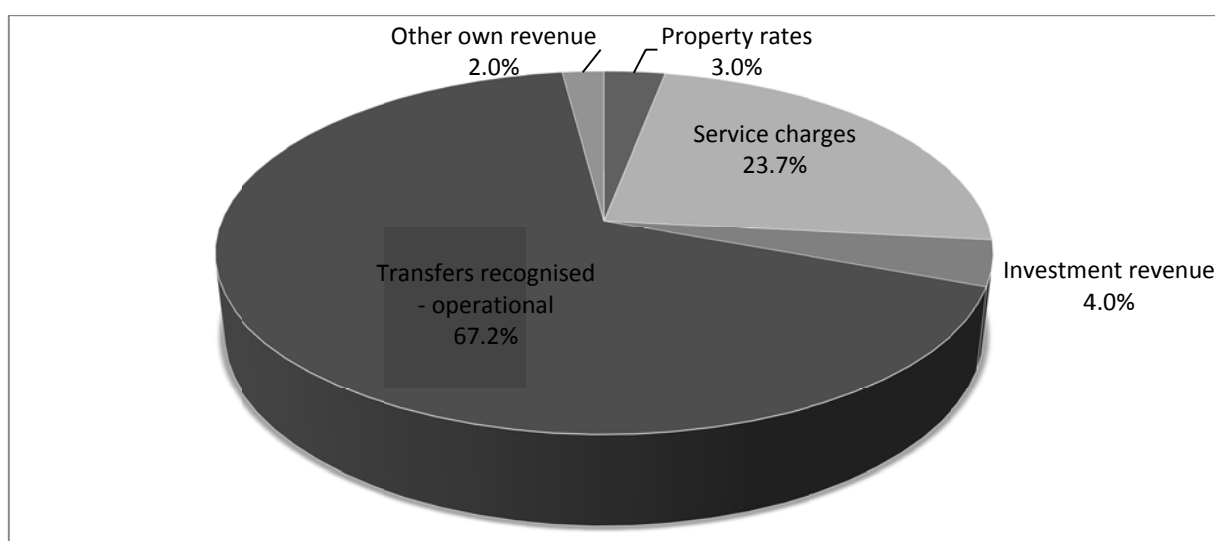
5.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description	2012/13 Medium Term Revenue & Expenditure Framework					
R thousand	Budget Year	%	Budget Year	%	Budget Year	%
	2012/13		+1 2013/14		+2 2014/15	
Property rates	4 425	3.0%	4 690	3.1%	4 972	3.0%
Service charges	35 177	23.7%	37 288	24.3%	39 525	23.9%
Investment revenue	6 000	4.0%	6 360	4.1%	6 742	4.1%
Transfers recognised - operational	99 545	67.2%	102 218	66.5%	111 010	67.0%
Other own revenue	3 020	2.0%	3 201	2.1%	3 393	2.0%
Total Revenue (excluding capital transfers and contributions)	148 167	100%	153 757	100%	165 641	100%
Total Expenditure	144 207		150 636		160 554	
Surplus/(Deficit)	3 959		3 121		5 087	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.

Breakdown of operating revenue over the 2012/13 MTREF



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 86 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

MBRR SA15 – Detail Investment Information

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
<u>Parent municipality</u>									
Deposits - Bank		67 095	65 867	113 870	43 983	95 388	95 279	98 785	108 067
Total:		67 095	65 867	113 870	43 983	95 388	95 279	98 785	108 067

MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months		Rand thousand	
<u>Parent municipality</u>				
Standard Bank 38 848 973 1 - 005	32 day	32 day	42 694	2 202
Standard Bank 38 848 606 6 - 001	Call Deposit	Call Deposit	5 137	265
Standard Bank 38 848 916 2 - 002	Call Deposit	Call Deposit	47 449	2 448
TOTAL INVESTMENTS AND INTEREST			95 279	4 915

5.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		4 964	13 728	46 164	35 457	34 091	34 091	34 091	40 555	42 978	45 544
Government - operating	1	53 768	59 737	76 494	89 611	101 912	101 912	101 912	99 545	102 218	111 010
Government - capital	1	12 137	34 378	41 478	21 947	22 007	22 007	22 007	26 624	28 085	29 708
Interest		7 733	5 087	4 915	5 885	7 252	7 252	7 252	6 903	7 317	7 756
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(53 047)	(79 487)	(93 870)	(109 241)	(141 124)	(141 124)	(141 124)	(124 773)	(129 993)	(138 960)
Finance charges		-	(681)	(1 571)	(1 000)	(1 915)	(1 915)	(1 915)	(2 319)	(2 458)	(2 605)
Transfers and Grants	1	(560)	(397)	(799)	(300)	(734)	(734)	(734)	(333)	(334)	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 994	32 365	72 811	42 359	21 488	21 488	21 488	46 202	47 812	52 453
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	405	764	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		14	15	17	15	-	-	-	14	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(19 223)	(43 941)	(31 841)	(39 173)	(41 058)	(41 058)	(41 058)	(45 154)	(43 040)	(41 804)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19 210)	(43 521)	(31 060)	(39 158)	(41 058)	(41 058)	(41 058)	(45 140)	(43 040)	(41 804)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	8 337	8 473	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		9	(16)	(21)	32	89	89	89	34	37	40
Payments											
Repayment of borrowing		-	-	(329)	(200)	(778)	(778)	(778)	(1 206)	(1 303)	(1 407)
NET CASH FROM/(USED) FINANCING ACTIVITIES		9	8 320	8 123	(168)	(689)	(689)	(689)	(1 172)	(1 265)	(1 367)
NET INCREASE/ (DECREASE) IN CASH HELD											
		5 794	(2 835)	49 875	3 033	(20 258)	(20 258)	(20 258)	(109)	3 506	9 282
Cash/cash equivalents at the year begin:	2	63 313	69 107	66 272	41 450	116 147	116 147	116 147	95 888	95 779	99 285
Cash/cash equivalents at the year end:	2	69 107	66 272	116 147	44 483	95 888	95 888	95 888	95 779	99 285	108 567

5.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with

section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available								
Cash/cash equivalents at the year end	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567
Cash and investments available:	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567
Application of cash and investments								
Unspent conditional transfers	16 737	12 142	23 490	192	–	–	–	–
Other working capital requirements	(3 495)	(9 247)	(7 852)	(10 085)	(5 077)	(7 095)	(8 063)	(9 092)
Other provisions	3 859	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	45 851	39 965	62 798	53 717	81 154	101 043	106 141	116 311
Total Application of cash and investments:	62 952	42 859	78 436	43 824	76 077	93 948	98 077	107 219
Surplus(shortfall)	6 154	23 413	37 710	660	19 811	1 831	1 208	1 348

From the above table it can be seen that the cash and investments available total R95,8 million in the 2012/13 financial year and progressively increase to R108,6 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2010/11 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed

- reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are for 11 months.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Rehabilitation of landfill sites and quarries.

5.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

MBRR SA10 – Funding compliance measurement

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	69 107	66 272	116 147	44 483	95 888	95 779	99 285	108 567
Cash + investments at the yr end less applications - R'000	18(1)b	6 154	23 413	37 710	660	19 811	1 831	1 208	1 348
Cash year end/monthly employee/supplier payments	18(1)b	17.6	12.6	17.8	6.0	10.7	11.1	10.9	11.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	127.4%	26.6%	8.2%	5.0%	(2.4%)	0.0%	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	35.8%	52.2%	134.7%	95.6%	82.2%	95.2%	95.1%	95.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	23.0%	10.0%	4.4%	15.6%	13.7%	14.0%	14.0%	14.0%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	80.8%	49.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	75.0%	(64.1%)	58.4%	(25.9%)	13.5%	12.8%	12.2%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(54.9%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.5%	2.2%	2.1%	2.6%	1.8%	1.8%	1.6%	1.6%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	2.3%	2.4%

5.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R95,8 million, R99,2 million and R108,6 million for each respective financial year.

5.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

5.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2007/08 to 2010/11, but it is stabilising in the outer years and still above 11 months' provision.

5.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R30 million, R31 million and R35 million.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

5.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth is less than forecasted CPI for the respective financial year of the 2012/13 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 16 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

5.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 86 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

5.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 14 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

5.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

5.6.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

5.6.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both

measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

5.6.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained elsewhere in this report.

5.6.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained elsewhere in this report.

5.7 Expenditure on grants and reconciliations of unspent funds

MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		41 356	56 097	75 464	86 935	94 071	94 071	97 581	100 136	108 804
Equitable share		40 290	54 621	64 714	76 965	76 965	76 965	85 187	91 229	97 992
Finance Management		633	890	1 200	1 450	1 450	1 450	1 500	1 500	1 750
Nat Gov: Neighbourhood Dev Partners		-	-	5 009	2 900	10 096	10 096	2 300	-	-
Nat Gov: Councillor Remuneration		-	-	1 778	2 226	2 226	2 226	4 536	5 129	6 548
Municipal Systems Improvement		77	585	714	790	790	790	800	800	950
IEC Elections		181	-	-	-	-	-	-	-	-
Municipal Infrastructure (MIG)		-	-	960	1 155	1 095	1 095	1 401	1 478	1 564
Nat Gov: EPWP Incentive Grant		-	-	1 088	1 449	1 449	1 449	1 857	-	-
Spatial Development Framework		174	-	-	-	-	-	-	-	-
Provincial Government:		11 178	1 197	26 943	2 676	31 039	31 039	1 964	2 081	2 206
Health subsidy		512	-	-	-	-	-	-	-	-
Prov Gov: Valuation Roll		400	-	-	-	-	-	-	-	-
Prov Gov: Housing - Hillside 1 000		6 078	-	9 607	-	8 781	8 781	-	-	-
Prov Gov: Housing - Herschel 700		212	-	-	-	7 094	7 094	-	-	-
Prov Gov: Housing - Lady Grey 1 000		2 444	-	366	-	1 619	1 619	-	-	-
Prov Gov: Revitalization of the second economy in		-	-	-	-	107	107	-	-	-
Peach & Vegetable Processing		147	-	-	-	-	-	-	-	-
Co-op's Development		131	-	-	-	-	-	-	-	-
Holo Hlahatsi Agricultural Project		-	266	-	-	-	-	-	-	-
LED		114	2	-	-	515	515	-	-	-
Implementation Ownership		93	171	135	-	98	98	-	-	-
DEAT Brickmaking		94	-	-	-	-	-	-	-	-
Rossouw Agricultural Project		37	131	-	-	-	-	-	-	-
Performance Agreements		45	41	-	-	-	-	-	-	-
Surveying / Land Audit		343	551	-	-	-	-	-	-	-
Disabled Project BE		98	4	-	-	-	-	-	-	-
Drought Relief Water		409	-	-	-	-	-	-	-	-
Sterkspruit Land Audit		-	30	-	-	-	-	-	-	-
Libraries		-	-	-	676	676	676	742	786	833
Internet Communication system		20	-	294	-	-	-	-	-	-
Greenest Municipality		-	-	200	-	-	-	-	-	-
Prov Gov: Musong Road		-	-	15 591	2 000	12 149	12 149	1 222	1 295	1 373
Local Elections		-	-	750	-	-	-	-	-	-
District Municipality:		1 234	3 195	946	-	207	207	-	-	-
District: Ward Committees (MSIG)		-	204	-	-	-	-	-	-	-
District: IDP		50	-	50	-	-	-	-	-	-
District: Valuation Roll		147	-	-	-	-	-	-	-	-
District: Libraries		-	-	660	-	-	-	-	-	-
District: Tourism		-	200	20	-	-	-	-	-	-
District: Community Based Planning		-	-	-	-	-	-	-	-	-
District: Community Participation		-	226	-	-	-	-	-	-	-
Joe Gqab DM - Plastic Products		681	2 276	-	-	-	-	-	-	-
Joe Gqab DM - District Call Centre		355	123	-	-	87	87	-	-	-
Support Programme		-	166	216	-	62	62	-	-	-
Commonage Management Plan		2	0	-	-	58	58	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		53 768	60 489	103 353	89 611	125 317	125 317	99 545	102 218	111 010

Capital expenditure of Transfers and Grants									
National Government:	12 137	20 730	14 514	21 947	22 007	22 007	26 624	28 085	29 708
Municipal Infrastructure (MIG)	12 137	20 730	14 514	21 947	22 007	22 007	26 624	28 085	29 708
Provincial Government:	-	12 896	105	-	84	84	-	-	-
Internet/Communication Systems	-	-	-	-	84	84	-	-	-
Traffic Test Station (Sterkspruit)	-	-	105	-	-	-	-	-	-
Prov Gov: Housing - Hillside 1 000	-	12 589	-	-	-	-	-	-	-
Prov Gov: Housing - Herschel 700	-	170	-	-	-	-	-	-	-
Prov Gov: Housing - Lady Grey 1 000	-	138	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
District: Ward Committees (MSIG)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total capital expenditure of Transfers and Grants	12 137	33 626	14 619	21 947	22 091	22 091	26 624	28 085	29 708
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	65 905	94 115	117 972	111 558	147 408	147 408	126 169	130 302	140 718

MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		625	636	398	(36)	7 196	7 196	-	-	-
Current year receipts		41 371	55 859	67 870	86 935	86 875	86 875	97 581	100 136	108 804
Conditions met - transferred to revenue		41 356	56 097	75 464	86 935	94 071	94 071	97 581	100 136	108 804
Conditions still to be met - transferred to liabilities		640	398	7 196	(36)	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		10 778	12 310	11 477	230	16 002	16 002	-	-	-
Current year receipts		10 452	1 274	31 187	2 676	15 037	15 037	1 964	2 081	2 206
Conditions met - transferred to revenue		11 178	2 106	26 943	2 676	31 039	31 039	1 964	2 081	2 206
Conditions still to be met - transferred to liabilities		10 052	11 477	16 086	230	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		136	520	231	-	207	207	-	-	-
Current year receipts		3 615	1 997	923	-	-	-	-	-	-
Conditions met - transferred to revenue		1 234	2 286	946	-	207	207	-	-	-
Conditions still to be met - transferred to liabilities		2 517	231	207	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		53 768	60 489	103 353	89 611	125 317	125 317	99 545	102 218	111 010
Total operating transfers and grants - CTBM	2	13 209	12 105	23 490	193	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		752	3 081	(2)	(2)	-	-	-	-	-
Current year receipts		14 722	17 647	14 514	21 947	22 007	22 007	26 624	28 085	29 708
Conditions met - transferred to revenue		12 137	20 730	14 514	21 947	22 007	22 007	26 624	28 085	29 708
Conditions still to be met - transferred to liabilities		3 337	(2)	(2)	(2)	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	84	84	-	-	-
Current year receipts		-	-	105	-	-	-	-	-	-
Conditions met - transferred to revenue		-	12 896	105	-	84	84	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		12 137	33 626	14 619	21 947	22 091	22 091	26 624	28 085	29 708
Total capital transfers and grants - CTBM	2	3 337	(2)	(2)	(2)	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		65 905	94 115	117 972	111 558	147 408	147 408	126 169	130 302	140 718
TOTAL TRANSFERS AND GRANTS - CTBM		16 546	12 103	23 488	192	-	-	-	-	-

5.8 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 797	6 285	6 610	8 261	7 959	7 959	8 416	9 048	9 726
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		313	345	362	464	447	447	476	511	550
Housing Allowances		27	-	-	-	-	-	-	-	-
Other benefits and allowances		101	177	187	165	159	159	164	176	190
Sub Total - Councillors		6 239	6 807	7 159	8 890	8 565	8 565	9 056	9 735	10 466
% increase	4		9.1%	5.2%	24.2%	(3.7%)	-	5.7%	7.5%	7.5%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 615	3 886	5 084	5 456	5 788	5 788	6 077	6 381	6 700
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		489	454	2 005	1 064	1 128	1 128	1 185	1 244	1 306
Motor Vehicle Allowance	3	-	224	291	-	-	-	-	-	-
Cellphone Allowance	3	225	66	65	416	441	441	463	487	511
Housing Allowances	3	-	-	-	32	34	34	36	38	39
Other benefits and allowances	3	607	7	9	198	210	210	221	232	243
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4 936	4 638	7 454	7 166	7 602	7 602	7 982	8 381	8 800
% increase	4		(6.0%)	60.7%	(3.9%)	6.1%	-	5.0%	5.0%	5.0%
Other Municipal Staff										
Salaries and Wages		9 650	16 038	18 352	25 776	27 167	27 167	30 337	32 776	35 406
Pension and UIF Contributions		1 612	2 432	2 967	3 099	3 438	3 438	3 696	3 973	4 271
Medical Aid Contributions		577	2 158	1 151	1 199	1 330	1 330	1 429	1 537	1 652
Overtime		297	808	976	940	1 080	1 080	1 161	1 248	1 341
Performance Bonus		1 295	2 018	1 399	1 642	1 788	1 788	1 950	2 126	2 316
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	47	6	17	160	108	108	116	124	134
Housing Allowances	3	24	28	24	26	26	26	28	30	33
Other benefits and allowances	3	295	504	314	338	348	348	380	415	453
Payments in lieu of leave		447	753	445	812	809	809	870	935	1 005
Long service awards		160	-	149	-	237	237	254	274	294
Post-retirement benefit obligations	6	386	-	1 484	-	1 529	1 529	1 644	1 767	1 899
Sub Total - Other Municipal Staff		14 791	24 745	27 279	33 993	37 858	37 858	41 865	45 204	48 804
% increase	4		67.3%	10.2%	24.6%	11.4%	-	10.6%	8.0%	8.0%
Total Parent Municipality		25 966	36 190	41 892	50 049	54 025	54 025	58 903	63 320	68 069
			39.4%	15.8%	19.5%	7.9%	-	9.0%	7.5%	7.5%

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		518 887	-	19 970			538 857
Chief Whip			267 551	-	12 453			280 004
Executive Mayor			648 609	-	19 970			668 579
Deputy Executive Mayor				-				-
Executive Committee			1 337 756	-	62 264			1 400 020
Total for all other councillors			5 643 526	-	361 134			6 004 659
Total Councillors	8	-	8 416 329	-	475 791			8 892 120
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 056 058	-	318 445	343 626		1 718 129
Chief Finance Officer			1 139 140	-	12 720	287 965		1 439 825
Deputy City Manager - Planning and Development			952 226	-	117 024	160 387		1 229 637
Deputy City Manager - Procurement & Infrastructure			1 039 921	-	121 264	290 296		1 451 482
Deputy City Manager - Health, Safety & Social Issues			803 293	-	63 600	130 034		996 927
Deputy City Manager - Corporate & Human Resources			854 181	-	12 720	147 373		1 014 274
								-
Total Senior Managers of the Municipality	8	-	5 844 819	-	645 773	1 359 682		7 850 274
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
Total for municipal entities	8	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		-	14 261 147	-	1 121 565	1 359 682		16 742 393

MBRR SA24 – Summary of personnel numbers

[illegible]

5.9 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand																
Revenue By Source																
Property rates		2 739	153	153	153	153	153	153	153	153	153	153	153	4 425	4 690	4 972
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		2 075	1 916	1 756	1 596	1 437	1 117	1 197	1 277	1 437	1 517	1 756	2 075	19 157	20 307	21 525
Service charges - water revenue		162	173	183	193	213	223	233	223	213	209	207	203	2 436	2 582	2 737
Service charges - sanitation revenue		91	91	91	91	91	91	91	91	91	91	91	91	1 093	1 159	1 229
Service charges - refuse revenue		181	181	181	181	181	181	181	181	181	181	181	181	2 171	2 302	2 440
Service charges - other		—	—	2 580	—	—	2 580	—	—	2 580	—	—	2 580	10 319	10 938	11 594
Rental of facilities and equipment		24	24	24	24	24	24	24	24	24	24	24	24	283	300	318
Interest earned - external investments		500	500	500	500	500	500	500	500	500	500	500	500	6 000	6 360	6 742
Interest earned - outstanding debtors		75	75	75	75	75	75	75	75	75	75	75	75	903	957	1 015
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		2	2	2	2	2	2	2	2	2	2	2	2	25	27	28
Licences and permits		70	70	70	70	70	70	70	70	70	70	70	70	840	890	944
Agency services		47	47	47	47	47	47	47	47	47	47	47	47	561	594	630
Transfers recognised - operating		38 027	2 547	2 150	—	31 320	1 176	800	—	23 525	—	—	0	99 545	102 218	111 010
Other revenue		34	34	34	34	34	34	34	34	34	34	34	34	408	433	459
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		44 028	5 813	7 846	2 966	34 147	6 273	3 408	2 677	28 931	2 903	3 140	6 035	148 167	153 757	165 641
Expenditure By Type																
Employee related costs		3 893	3 893	3 893	3 893	7 027	3 893	3 893	3 893	3 893	3 893	3 893	3 893	49 846	53 585	57 604
Remuneration of councillors		755	755	755	755	755	755	755	755	755	755	755	755	9 056	9 735	10 466
Debt impairment		465	465	465	465	465	465	465	465	465	465	465	465	5 580	5 915	6 270
Depreciation & asset impairment		1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	1 151	13 810	14 639	15 517
Finance charges		—	—	—	—	—	1 159	—	—	—	—	—	1 159	2 319	2 458	2 605
Bulk purchases		1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	20 072	21 276	22 552
Other materials		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants		28	28	28	28	28	28	28	28	28	28	28	28	333	334	—
Other expenditure		2 828	3 218	4 508	2 828	2 828	4 971	2 828	2 828	4 508	2 828	4 508	4 513	43 190	42 694	45 539
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		10 791	11 182	12 471	10 791	13 926	14 094	10 791	10 791	12 471	10 791	12 471	13 636	144 207	150 636	160 554
Surplus/(Deficit)																
Transfers recognised - capital		33 236	(5 370)	(4 625)	(7 825)	20 221	(7 821)	(7 383)	(8 114)	16 460	(7 888)	(9 331)	(7 601)	3 959	3 121	5 087
Contributions recognised - capital		12 474	—	—	—	10 395	—	—	—	3 755	—	—	0	26 624	28 085	29 708
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		45 710	(5 370)	(4 625)	(7 825)	30 616	(7 821)	(7 383)	(8 114)	20 215	(7 888)	(9 331)	(7 601)	30 583	31 205	34 796

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Budget Year 2012/13													Medium Term Revenue and Expenditure Framework		
Description	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand															
Revenue - Standard															
Governance and administration	36 567	690	690	690	27 963	690	1 490	690	21 145	690	690	690	92 688	99 363	107 987
Executive and council	1 813	—	—	—	1 556	—	300	—	1 167	—	—	—	4 836	5 429	6 848
Budget and treasury office	34 749	686	686	686	26 403	686	1 186	686	19 974	686	686	686	87 799	93 878	101 080
Corporate services	4	4	4	4	4	4	4	4	4	4	4	4	53	56	60
Community and public safety	2 842	281	34	34	2 374	281	34	34	1 126	34	34	34	7 139	8 214	7 787
Community and social services	964	274	27	27	808	274	27	27	556	27	27	27	3 062	4 626	4 694
Sport and recreation	1 871	—	—	—	1 559	—	—	—	563	—	—	0	3 994	3 500	3 000
Public safety	2	2	2	2	2	2	2	2	2	2	2	2	23	25	26
Housing	5	5	5	5	5	5	5	5	5	5	5	5	60	64	67
Economic and environmental services	9 503	2 418	2 268	118	7 939	1 046	118	118	2 943	118	118	118	26 825	18 358	27 735
Planning and development	—	2 300	—	—	—	—	—	—	—	—	—	—	2 300	—	—
Road transport	9 503	118	2 268	118	7 939	1 046	118	118	2 943	118	118	118	24 525	18 358	27 735
Trading services	7 590	2 423	4 854	2 124	6 266	4 256	1 766	1 836	7 472	2 061	2 298	5 193	48 138	55 906	51 840
Electricity	4 608	1 948	1 788	1 628	3 614	1 149	1 229	1 309	3 078	1 548	1 788	2 107	25 795	27 342	28 983
Water	170	181	1 411	201	221	1 452	241	231	1 441	217	215	1 431	7 413	7 858	8 329
Waste water management	101	101	1 461	101	101	1 461	101	101	1 461	101	101	1 461	6 653	7 052	7 475
Waste management	2 710	194	194	194	2 330	194	194	194	1 492	194	194	194	8 277	13 654	7 053
Total Revenue - Standard	56 502	5 813	7 846	2 966	44 542	6 273	3 408	2 677	32 686	2 903	3 140	6 035	174 790	181 842	195 350
Expenditure - Standard															
Governance and administration	3 038	3 132	3 638	3 038	4 378	4 476	3 038	3 038	3 638	3 038	3 638	3 876	41 962	44 697	48 022
Executive and council	1 845	1 882	1 845	1 845	3 019	1 845	1 845	1 845	1 845	1 845	1 845	1 845	23 352	25 032	26 834
Budget and treasury office	646	659	1 246	646	704	1 246	646	646	1 246	646	1 246	646	10 225	10 745	11 698
Corporate services	546	591	546	546	654	1 385	546	546	546	546	546	1 385	8 384	8 920	9 491
Community and public safety	575	604	575	575	780	575	575	575	575	575	575	1 287	7 843	7 848	8 388
Community and social services	490	514	490	490	657	490	490	490	490	490	490	490	6 070	5 959	6 375
Sport and recreation	13	17	13	13	13	13	13	13	13	13	13	13	158	167	178
Public safety	1	1	1	1	1	1	1	1	1	1	1	713	719	762	808
Housing	71	71	71	71	110	71	71	71	71	71	71	71	896	959	1 028
Economic and environmental services	2 790	2 911	3 870	2 790	3 320	3 870	2 790	2 790	3 870	2 790	3 870	4 012	39 673	39 740	41 929
Planning and development	553	553	1 633	553	791	1 633	553	553	1 633	553	1 633	553	11 199	9 474	9 753
Road transport	2 237	2 358	2 237	2 237	2 530	2 237	2 237	2 237	2 237	2 237	2 237	3 458	28 475	30 266	32 176
Trading services	4 389	4 536	4 389	4 389	5 448	5 174	4 389	4 389	4 389	4 389	4 389	4 461	54 729	58 351	62 215
Electricity	2 398	2 455	2 398	2 398	2 617	2 808	2 398	2 398	2 398	2 398	2 398	2 095	29 160	30 989	32 933
Water	602	634	602	602	803	602	602	602	602	602	602	602	7 458	7 971	8 520
Waste water management	637	673	637	637	933	637	637	637	637	637	637	637	7 976	8 546	9 156
Waste management	752	774	752	752	1 094	1 126	752	752	752	752	752	1 126	10 135	10 846	11 607
Total Expenditure - Standard	10 791	11 182	12 471	10 791	13 926	14 094	10 791	10 791	12 471	10 791	12 471	13 636	144 207	150 636	160 554
Surplus/(Deficit)	45 710	(5 370)	(4 625)	(7 825)	30 616	(7 821)	(7 383)	(8 114)	20 215	(7 888)	(9 331)	(7 601)	30 583	31 205	34 796

MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand																
Revenue by Vote																
Vote 1 - Executive & Council		1 813	–	–	–	1 556	–	300	–	1 167	–	–	–	4 836	5 429	6 848
Vote 2 - Planning & Development		–	2 300	–	–	–	–	–	–	–	–	–	–	2 300	–	–
Vote 3 - Corporate Services		4	4	4	4	4	4	4	4	4	4	4	4	53	56	60
Vote 4 - Budget & Treasury		34 749	686	686	686	26 403	686	1 186	686	19 974	686	686	686	87 799	93 878	101 080
Vote 5 - Road Transport		9 503	118	2 268	118	7 939	1 046	118	118	2 943	118	118	118	24 525	18 358	27 735
Vote 6 - Waste Water Management		101	101	1 461	101	101	1 461	101	101	1 461	101	101	1 461	6 653	7 052	7 475
Vote 7 - Housing		5	5	5	5	5	5	5	5	5	5	5	5	60	64	67
Vote 8 - Health		964	274	27	27	808	274	27	27	556	27	27	27	3 062	4 626	4 694
Vote 9 - Community & Social Services		1 871	–	–	–	1 559	–	–	–	563	–	–	0	3 994	3 500	3 000
Vote 10 - Sport & Recreation		2	2	2	2	2	2	2	2	2	2	2	2	23	25	26
Vote 11 - Public Safety		4 608	1 948	1 788	1 628	3 614	1 149	1 229	1 309	3 078	1 548	1 788	2 107	25 795	27 342	28 983
Vote 12 - Electricity		2 710	194	194	194	2 330	194	194	194	1 492	194	194	194	8 277	13 654	7 053
Vote 13 - Waste Management		170	181	1 411	201	221	1 452	241	231	1 441	217	215	1 431	7 413	7 858	8 329
Vote 14 - Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		56 502	5 813	7 846	2 966	44 542	6 273	3 408	2 677	32 686	2 903	3 140	6 035	174 790	181 842	195 350
Expenditure by Vote to be appropriated																
Vote 1 - Executive & Council		1 845	1 882	1 845	1 845	3 019	1 845	1 845	1 845	1 845	1 845	1 845	1 845	23 352	25 032	26 834
Vote 2 - Planning & Development		553	553	1 633	553	791	1 633	553	553	1 633	553	1 633	553	11 199	9 474	9 753
Vote 3 - Corporate Services		546	591	546	546	654	1 385	546	546	546	546	546	1 385	8 384	8 920	9 491
Vote 4 - Budget & Treasury		646	659	1 246	646	704	1 246	646	646	1 246	646	1 246	646	10 225	10 745	11 698
Vote 5 - Road Transport		2 237	2 358	2 237	2 237	2 530	2 237	2 237	2 237	2 237	2 237	2 237	3 458	28 475	30 266	32 176
Vote 6 - Waste Water Management		637	673	637	637	933	637	637	637	637	637	637	637	7 976	8 546	9 156
Vote 7 - Housing		71	71	71	71	110	71	71	71	71	71	71	71	896	959	1 028
Vote 9 - Community & Social Services		490	514	490	490	657	490	490	490	490	490	490	490	6 070	5 959	6 375
Vote 10 - Sport & Recreation		13	17	13	13	13	13	13	13	13	13	13	13	158	167	178
Vote 11 - Public Safety		1	1	1	1	1	1	1	1	1	1	1	1	6	6	7
Vote 12 - Electricity		2 398	2 455	2 398	2 398	2 617	2 808	2 398	2 398	2 398	2 398	2 398	2 808	29 873	31 744	33 734
Vote 13 - Waste Management		752	774	752	752	1 094	1 126	752	752	752	752	752	1 126	10 135	10 846	11 607
Vote 14 - Water		602	634	602	602	803	602	602	602	602	602	602	602	7 458	7 971	8 520
Total Expenditure by Vote		10 791	11 182	12 471	10 791	13 926	14 094	10 791	10 791	12 471	10 791	12 471	13 636	144 207	150 636	160 554
Surplus/(Deficit)	1	45 710	(5 370)	(4 625)	(7 825)	30 616	(7 821)	(7 383)	(8 114)	20 215	(7 888)	(9 331)	(7 601)	30 583	31 205	34 796

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand															
Multi-year expenditure to be appropriated															
Vote 3 - Corporate Services	-	-	200	-	-	500	-	-	600	-	-	700	2 000	2 000	-
Capital multi-year expenditure sub-total	-	-	200	-	-	500	-	-	600	-	-	700	2 000	2 000	-
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council	-	-	-	-	700	-	-	150	-	-	150	-	1 000	212	225
Vote 2 - Planning & Development	-	-	-	-	245	-	-	53	-	-	53	-	350	159	169
Vote 3 - Corporate Services	-	-	70	-	140	175	-	30	210	-	30	245	900	954	1 011
Vote 4 - Budget & Treasury	-	-	-	-	350	-	-	75	-	-	75	-	500	530	562
Vote 5 - Road Transport	-	-	1 983	-	5 653	4 958	-	1 211	5 949	-	1 211	6 941	27 905	20 557	29 033
Vote 9 - Community & Social Services	-	-	315	-	-	788	-	-	945	-	-	1 103	3 150	5 000	5 000
Vote 10 - Sport & Recreation	-	-	399	-	-	998	-	-	1 198	-	-	1 398	3 994	3 500	3 000
Vote 11 - Public Safety	-	-	50	-	-	125	-	-	150	-	-	175	500	500	-
Vote 12 - Electricity	-	-	175	74	-	175	16	-	350	16	-	-	805	853	904
Vote 13 - Waste Management	-	-	313	-	1 120	613	-	240	825	-	240	700	4 050	8 775	1 900
Capital single-year expenditure sub-total	-	-	3 305	74	8 208	7 831	16	1 759	9 627	16	1 759	10 561	43 154	41 040	41 804
Total Capital Expenditure	-	-	3 505	74	8 208	8 331	16	1 759	10 227	16	1 759	11 261	45 154	43 040	41 804

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard															
<i>Governance and administration</i>	-	-	270	-	1 190	675	-	255	810	-	255	945	4 400	3 696	1 798
Executive and council	-	-	-	-	700	-	-	150	-	-	150	-	1 000	212	225
Budget and treasury office	-	-	-	-	350	-	-	75	-	-	75	-	500	530	562
Corporate services	-	-	270	-	140	675	-	30	810	-	30	945	2 900	2 954	1 011
<i>Community and public safety</i>	-	-	764	-	-	1 911	-	-	2 293	-	-	2 675	7 644	9 000	8 000
Community and social services	-	-	315	-	-	788	-	-	945	-	-	1 103	3 150	5 000	5 000
Sport and recreation	-	-	399	-	-	998	-	-	1 198	-	-	1 398	3 994	3 500	3 000
Public safety	-	-	50	-	-	125	-	-	150	-	-	175	500	500	-
<i>Economic and environmental services</i>	-	-	1 983	-	5 898	4 958	-	1 264	5 949	-	1 264	6 941	28 255	20 716	29 202
Planning and development	-	-	-	-	245	-	-	53	-	-	53	-	350	159	169
Road transport	-	-	1 983	-	5 653	4 958	-	1 211	5 949	-	1 211	6 941	27 905	20 557	29 033
<i>Trading services</i>	-	-	488	74	1 120	788	16	240	1 175	16	240	700	4 855	9 628	2 804
Electricity	-	-	175	74	-	175	16	-	350	16	-	-	805	853	904
Waste management	-	-	313	-	1 120	613	-	240	825	-	240	700	4 050	8 775	1 900
Total Capital Expenditure - Standard	-	-	3 505	74	8 208	8 331	16	1 759	10 227	16	1 759	11 261	45 154	43 040	41 804

MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source															
Property rates	2 739	153	153	153	153	153	153	153	153	153	153	153	4 425	4 690	4 972
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	2 075	1 916	1 756	1 596	1 437	1 117	1 197	1 277	1 437	1 517	1 756	2 075	19 157	20 307	21 525
Service charges - water revenue	162	173	183	193	213	223	233	223	213	209	207	203	2 436	2 582	2 737
Service charges - sanitation revenue	91	91	91	91	91	91	91	91	91	91	91	91	1 093	1 159	1 229
Service charges - refuse revenue	181	181	181	181	181	181	181	181	181	181	181	181	2 171	2 302	2 440
Service charges - other	—	—	2 580	—	—	2 580	—	—	2 580	—	—	2 580	10 319	10 938	11 594
Rental of facilities and equipment	24	24	24	24	24	24	24	24	24	24	24	24	283	300	318
Interest earned - external investments	500	500	500	500	500	500	500	500	500	500	500	500	6 000	6 360	6 742
Interest earned - outstanding debtors	75	75	75	75	75	75	75	75	75	75	75	75	903	957	1 015
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines	2	2	2	2	2	2	2	2	2	2	2	2	25	27	28
Licences and permits	70	70	70	70	70	70	70	70	70	70	70	70	840	890	944
Agency services	47	47	47	47	47	47	47	47	47	47	47	47	561	594	630
Transfer receipts - operational	38 027	2 547	2 150	—	31 320	1 176	800	—	23 525	—	—	0	99 545	102 218	111 010
Other revenue	34	34	34	34	34	34	34	34	34	34	34	34	408	433	459
Cash Receipts by Source	44 028	5 813	7 846	2 966	34 147	6 273	3 408	2 677	28 931	2 903	3 140	6 035	148 167	153 757	165 641
Other Cash Flows by Source															
Transfer receipts - capital	12 474	—	—	—	10 395	—	—	—	3 755	—	—	0	26 624	28 085	29 708
Increase (decrease) in consumer deposits	3	3	3	3	3	3	3	3	3	3	3	3	34	37	40
Decrease (Increase) in non-current debtors	1	1	1	1	1	1	1	1	1	1	1	1	14	—	—
Total Cash Receipts by Source	56 506	5 817	7 850	2 970	44 546	6 277	3 412	2 681	32 690	2 907	3 144	6 039	174 839	181 879	195 390
Cash Payments by Type															
Employee related costs	3 893	3 893	3 893	3 893	7 027	3 893	3 893	3 893	3 893	3 893	3 893	3 893	49 846	53 585	57 604
Remuneration of councillors	755	755	755	755	755	755	755	755	755	755	755	755	9 056	9 735	10 466
Finance charges	—	—	—	—	—	1 159	—	—	—	—	—	1 159	2 319	2 458	2 605
Bulk purchases - Electricity	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	20 072	21 276	22 552
Transfers and grants - other municipalities	28	28	28	28	28	28	28	28	28	28	28	28	333	334	—
Other expenditure	2 828	3 218	4 508	2 828	2 828	4 971	2 828	2 828	4 508	2 828	4 508	4 513	43 190	42 694	45 539
Cash Payments by Type	9 175	9 566	10 855	9 175	12 310	12 478	9 175	9 175	10 855	9 175	10 855	12 020	124 817	130 082	138 767
Other Cash Flows/Payments by Type															
Capital assets	—	—	3 505	74	8 208	8 331	16	1 759	10 227	16	1 759	11 261	45 154	43 040	41 804
Repayment of borrowing	101	101	101	101	101	101	101	101	101	101	101	101	1 206	1 303	1 407
Other Cash Flows/Payments	314	314	314	314	314	314	314	314	314	314	314	314	3 771	3 948	4 130
Total Cash Payments by Type	9 590	9 981	14 775	9 664	20 932	21 224	9 606	11 349	21 497	9 606	13 029	23 696	174 948	178 372	186 108
NET INCREASE/(DECREASE) IN CASH HELD	46 915	(4 164)	(6 925)	(6 693)	23 614	(14 947)	(6 194)	(8 667)	11 193	(6 699)	(9 885)	(17 657)	(109)	3 506	9 282
Cash/cash equivalents at the month/year begin:	95 888	142 804	138 639	131 714	125 021	148 635	133 688	127 494	118 827	130 019	123 320	113 436	95 888	95 779	99 285
Cash/cash equivalents at the month/year end:	142 804	138 639	131 714	125 021	148 635	133 688	127 494	118 827	130 019	123 320	113 436	95 779	95 779	99 285	108 567

5.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

5.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			New or renewal
R thousand				Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Parent municipality:									
Executive & Council	Furniture & Office Equipment	Other assets	Furniture and other office equipment	1 272	150	200	212	225	New
Executive & Council	Vehicles, Plant & Equipment	Other assets	General vehicles	–	–	800	–	–	New
Executive & Council	Computer Equipment	Other assets	Computers - hardware/equipment	16		–	–	–	New
Planning & Development	Furniture & Office Equipment	Other assets	Furniture and other office equipment	68	56	150	159	169	New
Planning & Development	Vehicles, Plant & Equipment	Other assets	General vehicles	–	–	200	–	–	New
Planning & Development	Tools & Equipment	Other assets	Plant & equipment	965	–	–	–	–	New
Planning & Development	Computer Equipment	Other assets	Computers - hardware/equipment	37		–	–	–	New
Corporate Services	Furniture & Office Equipment	Other assets	Furniture and other office equipment	216	100	200	212	225	New
Corporate Services	Fleet Bay	Infrastructure	Other Buildings	–	450	700	742	787	New
Corporate Services	Tools & Equipment	Other assets	Plant & equipment	6	–	–	–	–	New
Corporate Services	Computer Equipment	Other assets	Computers - hardware/equipment	15	–	–	–	–	New
Corporate Services	Extension Offices	Other assets	Other Buildings	8 746	–	–	–	–	New
Corporate Services	Buildings	Other assets	Other Buildings	563	–	2 000	2 000	–	New
Budget & Treasury	Furniture & Office Equipment	Other assets	Furniture and other office equipment	25	450	500	530	562	New
Budget & Treasury	Computer Equipment	Other assets	Computers - hardware/equipment	673	–	–	–	–	New
Budget & Treasury	Project: Internet / Communication	Other assets	Computers - software & programming	76	84	–	–	–	New
Budget & Treasury	Tools & Equipment	Other assets	Plant & equipment	4	–	–	–	–	New
Road Transport	Furniture & Office Equipment	Other assets	Furniture and other office equipment	138	100	195	127	135	New
Road Transport	Tools & Equipment	Other assets	Tools & Equipment	35	180	–	–	–	New
Road Transport	Computer Equipment	Other assets	Computers - hardware/equipment	45	–	–	–	–	New
Road Transport	Computers - software & programming	Other assets	Computers - software & programming	5	–	–	–	–	New
Road Transport	Vehicles, Plant & Equipment	Other assets	General vehicles	278	1 810	7 880	5 345	5 690	New
Road Transport	Construction Access Roads: Wards 1, 2 & 3	Infrastructure	Roads, Pavements & Bridges	–	496	–	–	–	New
Road Transport	Surfaced Roads	Infrastructure	Roads, Pavements & Bridges	–	3 762	–	–	–	New
Road Transport	Sterkspruit Taxi Rank	Infrastructure	Roads, Pavements & Bridges	270	11 456	–	–	–	New
Road Transport	Constr Access Roads Wards 7,8,9&12 (Ph 4	Infrastructure	Roads, Pavements & Bridges	–	1 094	–	–	–	New
Road Transport	Roads, Pavements & Bridges	Infrastructure	Roads, Pavements & Bridges	2 287	1 800	1 200	1 000	–	New
Road Transport	Access Roads	Infrastructure	Roads, Pavements & Bridges	–	–	7 930	7 954	6 552	New
Road Transport	Bridges	Infrastructure	Roads, Pavements & Bridges	–	–	10 700	6 131	16 657	New
Road Transport	Storm water projects	Infrastructure	Storm water	–	–	–	–	–	New
Waste Water Management	Khwezi Storm Water (Phase II)	Infrastructure	Storm water	13 648	12 604	–	–	–	New
Community Services	Tools & Equipment	Other assets	Plant & equipment	70	80	–	–	–	New
Community Services	Computer Equipment	Other assets	Computers - hardware/equipment	7	–	–	–	–	New
Community Services	Community Halls	Community	Community halls	–	500	1 500	1 500	1 500	New
Community Services	Renovations: Community Halls	Community	Community halls	–	–	650	1 000	1 000	Renewal
Community Services	Furniture & Office Equipment	Other assets	Furniture and other office equipment	33	35	–	–	–	New
Community Services	Cemeteries (Phase 2)	Community	Cemeteries	–	–	500	2 000	2 000	New
Community Services	Fencing: Cemeteries	Community	Cemeteries	–	–	500	500	500	New
Sport and recreation	Sport Facilities	Community	Sportsfields & stadia	–	–	3 994	3 500	3 000	New
Sport and recreation	Sport Field Lighting	Community	Sportsfields & stadia	–	2 918	–	–	–	New
Public Safety	Project: Pounds	Other assets	Other Buildings	–	–	500	500	–	New
Electricity	Tools & Equipment	Other assets	Plant & equipment	738	61	105	111	118	New
Electricity	Furniture & Office Equipment	Other assets	Furniture & Office Equipment	36	–	–	–	–	New
Electricity	Computer Equipment	Other assets	Computers - hardware/equipment	15	–	–	–	–	New
Electricity	Infrastructure	Infrastructure	Transmission & Reticulation	1 149	1 500	700	742	787	New
Electricity	Vehicles, Plant & Equipment	Other assets	General vehicles	291	–	–	–	–	New
Waste Management	Tools & Equipment	Other assets	Plant & equipment	–	–	450	475	500	New
Waste Management	Solid Waste Sites	Infrastructure	Waste Management	112	–	2 000	7 000	–	New
Waste Management	Sterkspruit Solid Waste Site	Infrastructure	Waste Management	–	124	–	–	–	New
Waste Management	Vehicles, Plant & Equipment	Other assets	General vehicles	–	1 248	1 600	1 300	1 400	New
Parent Capital expenditure				31 841	41 058	45 154	43 040	41 804	

5.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns two has been appointed permanently from 01 August 2010 and 01 December 2011 respectively. In the remaining three two have been extended contracts for a year till end of December 2012, and one has been appointed as from 1st of December 2012 till end of November 2012. Since the introduction of the Internship programme the Municipality has successfully employed and trained 33 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Ernest & Young, SARS, Auditor General, National Treasury.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2012 directly aligned and informed by the 2012/13 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Executive & Council	Vote 2 - Planning & Development	Vote 3 - Corporate Services	Vote 4 - Budget & Treasury	Vote 5 - Road Transport	Vote 6 - Waste Water Management	Vote 7 - Housing	Vote 8 - Health	Vote 9 - Community & Social Services	Vote 10 - Sport & Recreation	Vote 11 - Public Safety	Vote 12 - Electricity	Vote 13 - Waste Management	Vote 14 - Water	Vote 15 - Other	Total
R thousand																
Revenue By Source																
Property rates	-	-	-	4 425	-	-	-	-	-	-	-	-	-	-	-	4 425
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	19 157	-	-	-	19 157
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	2 436	-	2 436
Service charges - sanitation revenue	-	-	-	-	-	1 093	-	-	-	-	-	-	-	-	-	1 093
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	2 171	-	-	2 171
Service charges - other	-	-	-	-	-	5 438	-	-	-	-	-	-	-	4 881	-	10 319
Rental of facilities and equipment	-	-	-	-	-	-	-	-	283	-	-	-	-	-	-	283
Interest earned - external investments	-	-	-	6 000	-	-	-	-	-	-	-	-	-	-	-	6 000
Interest earned - outstanding debtors	-	-	-	318	-	122	-	-	-	-	-	212	156	95	-	903
Fines	-	-	-	-	25	-	-	-	-	-	-	-	-	-	-	25
Licences and permits	-	-	-	-	840	-	-	-	-	-	-	-	-	-	-	840
Agency services	-	-	-	11	550	-	-	-	-	-	-	-	-	-	-	561
Other revenue	-	-	53	64	-	-	60	-	38	-	23	171	-	-	-	408
Transfers recognised - operational	4 836	2 300	-	76 982	4 480	-	-	-	742	-	-	6 255	3 950	-	-	99 545
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	4 836	2 300	53	87 799	5 895	6 653	60	-	1 062	-	23	25 795	6 277	7 413	-	148 167
Expenditure By Type																
Employee related costs	9 548	4 032	2 178	1 738	5 904	5 954	658	-	3 633	-	-	5 181	6 734	4 287	-	49 846
Remuneration of councillors	9 056	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9 056
Debt impairment	-	-	-	1 491	-	742	-	-	50	-	-	966	1 446	885	-	5 580
Depreciation & asset impairment	249	299	543	520	11 199	222	-	-	107	106	-	353	213	-	-	13 810
Finance charges	-	-	1 020	-	-	-	-	-	-	-	-	550	749	-	-	2 319
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	20 072	-	-	-	20 072
Transfers and grants	-	333	-	-	-	-	-	-	-	-	-	-	-	-	-	333
Other expenditure	4 499	6 534	4 644	6 476	11 372	1 059	237	-	2 280	52	6	2 752	993	2 286	-	43 190
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	23 352	11 199	8 384	10 225	28 475	7 976	896	-	6 070	158	6	29 873	10 135	7 458	-	144 207
Surplus/(Deficit)	(18 516)	(8 899)	(8 331)	77 574	(22 580)	(1 324)	(836)	-	(5 008)	(158)	17	(4 078)	(3 858)	(45)	-	3 959
Transfers recognised - capital	-	-	-	-	18 630	-	-	-	2 000	3 994	-	-	2 000	-	-	26 624
Surplus/(Deficit) after capital transfers & contributions	(18 516)	(8 899)	(8 331)	77 574	(3 950)	(1 324)	(836)	-	(3 008)	3 836	17	(4 078)	(1 858)	(45)	-	30 583

MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand								
ASSETS								
Call investment deposits								
Call deposits < 90 days	67 095	65 867	113 870	43 983	95 388	95 279	98 785	108 067
Total Call investment deposits	67 095	65 867	113 870	43 983	95 388	95 279	98 785	108 067
Consumer debtors								
Consumer debtors	13 992	16 539	11 559	30 390	18 090	24 555	31 408	38 672
Less: Provision for debt impairment	(5 226)	(6 436)	(7 083)	(18 863)	(12 347)	(17 928)	(23 843)	(30 113)
Total Consumer debtors	8 766	10 104	4 476	11 527	5 743	6 627	7 565	8 559
Debt impairment provision								
Balance at the beginning of the year	2 918	2 470	6 436	13 459	7 083	12 347	17 928	23 843
Contributions to the provision	2 309	3 965	647	5 404	5 265	5 580	5 915	6 270
Balance at end of year	5 226	6 436	7 083	18 863	12 347	17 928	23 843	30 113
Property, plant and equipment (PPE)								
PPE at cost/valuation (excl. finance leases)	121 296	159 184	188 723	248 251	229 697	274 851	317 891	359 695
Leases recognised as PPE	–	–	92	–	92	92	92	92
Less: Accumulated depreciation	–	35 887	45 357	85 113	58 386	72 116	86 666	102 087
Total Property, plant and equipment (PPE)	121 296	123 297	143 458	163 139	171 403	202 827	231 316	257 700
LIABILITIES								
Current liabilities - Borrowing								
Current portion of long-term liabilities	–	174	778	214	1 206	1 303	1 407	1 519
Total Current liabilities - Borrowing	–	174	778	214	1 206	1 303	1 407	1 519
Trade and other payables								
Trade and other creditors	656	1 324	1 936	932	1 936	2 130	2 343	2 577
Unspent conditional transfers	16 737	12 142	23 490	192	–	–	–	–
Total Trade and other payables	17 393	13 465	25 426	1 123	1 936	2 130	2 343	2 577
Non current liabilities - Borrowing								
Borrowing	–	8 163	15 659	16 586	14 453	13 150	11 743	10 224
Finance leases (including PPP asset element)	–	–	44	–	44	44	44	44
Total Non current liabilities - Borrowing	–	8 163	15 703	16 586	14 497	13 194	11 787	10 268
Provisions - non-current								
Retirement benefits	7 132	8 071	8 788	8 071	10 197	11 840	13 607	15 506
Refuse landfill site rehabilitation	–	565	642	565	776	1 030	1 304	1 598
Other	–	2 905	3 094	–	3 800	4 181	4 599	5 058
Total Provisions - non-current	7 132	11 541	12 523	8 636	14 773	17 051	19 509	22 162
CHANGES IN NET ASSETS								
Accumulated Surplus/(Deficit)								
Accumulated Surplus/(Deficit) - opening balance	101 992	105 693	143 537	114 314	156 852	169 463	180 157	206 265
Restated balance	101 992	105 693	143 537	114 314	156 852	169 463	180 157	206 265
Surplus/(Deficit)	23 804	31 958	36 148	31 627	30 967	30 583	31 205	34 796
Appropriations to Reserves	–	–	(22 833)	(13 267)	(18 356)	(19 889)	(5 097)	(10 171)
Transfers from Reserves	4 149	5 886	–	–	–	–	–	–
Other adjustments	(334)	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	129 612	143 537	156 852	132 673	169 463	180 157	206 265	230 890
Reserves								
Housing Development Fund	–	–	–	–	–	4 181	4 599	5 058
Capital replacement	45 851	39 965	56 464	43 581	69 492	83 303	85 942	93 459
Self-insurance	–	–	5 645	8 636	10 972	12 870	14 910	17 104
Valuation Roll Reserve	–	–	690	1 500	690	690	690	690
Revaluation	–	566	844	–	844	844	844	844
Total Reserves	45 851	40 531	63 643	53 717	81 999	101 888	106 985	117 156
TOTAL COMMUNITY WEALTH/EQUITY	175 463	184 068	220 495	186 390	251 461	282 044	313 250	348 045

MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
				Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics										
Population	131	136	118	134	133	133	133	-	-	-
Females aged 5 - 14	30	19	16	18	18	18	18	-	-	-
Males aged 5 - 14	25	19	17	19	19	19	19	-	-	-
Females aged 15 - 34	23	24	21	24	24	24	24	-	-	-
Males aged 15 - 34	20	23	19	22	21	21	21	-	-	-
Unemployment	85	102	99	112	112	112	112	-	-	-
Household/demographics (000)										
Number of people in municipal area	131	136	118	134	133	133	133	133	-	-
Number of poor people in municipal area	94	132	85	96	95	95	95	95	-	-
Number of households in municipal area	28	34	35	35	36	36	36	36	-	-
Number of poor households in municipal area	20	15	25	25	26	26	26	26	-	-
Definition of poor household (R per month)	< 1600	< 1600	< 1600	< 1600	< 1600	< 1600	< 1600	< 1600	-	-
Housing statistics										
Formal	17	33	33	34	34	34	34	33	-	-
Informal	11	1	2	2	2	2	2	2	-	-
Total number of households	27 913	34 283	35 107	35 535	36 066	36 066	36 066	35 107	-	-
Dwellings provided by municipality	-	-	3	-	3	-	-	-	-	-
Total new housing dwellings	-	-	2 700	-	2 700	-	-	-	-	-

5.13 Municipal Manager's quality certificate

I, Municipal Manager of Senqu Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Senqu Municipality

Signature _____

Date _____